



# **Ventersdorp Local Municipality**

***Annual Financial Statements***

***for the year ended***

***30 June 2016***

**VENTERSDORP MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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**VENTERSDORP MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2016**

**GENERAL INFORMATION**

**EXECUTIVE MAYOR**

CN Phoyane

**GRADING OF THE LOCAL AUTHORITY**

Grade 2

**EXTERNAL AUDITORS**

Auditor-General of South Africa

**PRIMARY BANKER**

First National Bank

**MUNICIPAL LAWYERS**

De Swart Voegel Myambo attorneys  
Lourens Bezedenhout and Venter attorneys  
Raborifi incorporated attorneys  
Wak Silent attorneys  
Van Rensburg attorneys  
VA Mazabane attorneys

**REGISTERED OFFICE**

1 Van Tonder Crescent  
Ventersdorp  
2710

Private Bag X1010  
Ventersdorp  
2710

Telephone: 018 264 8500  
Fax: 018 264 8567

Website: [www.ventersdorp.co.za](http://www.ventersdorp.co.za)

**ACTING MUNICIPAL MANAGER**

MI Moruti

**ACTING CHIEF FINANCIAL OFFICER**

CWK Kgosiemang

**VENTERSDORP MUNICIPALITY**  
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**GENERAL INFORMATION (continued)**

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 129, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

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**MI MORUTI**

**ACTING MUNICIPAL MANAGER**  
31 August 2016

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**CWK KGOSIEMANG**

**ACTING CHIEF FINANCIAL OFFICER**  
31 August 2016

**VENTERSDORP MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
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**MEMBERS OF THE COUNCIL**

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**MEMBERS OF COUNCIL**

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CN Phoyane	<b>Mayor</b>
CN Mogwata	Councillor
NS Moabi	Councillor
MW Matinyane	Councillor
VW Qankase	Councillor
M Matinyane	Councillor
MT Motshabi	Councillor
JM Matome	Councillor
MJ Motladiile	Councillor
MJ Mjuleni	Councillor
JL Links	Councillor

**VENTERSDORP MUNICIPALITY**  
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**MEMBERS OF THE COUNCIL (continued)**

**CERTIFICATION OF REMUNERATION OF COUNCILLORS**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Officer Bearers Act, No 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**MI MORUTI**  
**ACTING MUNICIPAL MANAGER**  
31 August 2016

**VENTERSDORP MUNICIPALITY**  
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**AUDIT REPORT**

The 2015/16 Audit Report will be attached hereto when received, after the completion of the statutory audit.

**VENTERSDORP LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the Annual Financial Statements of Ventersdorp Local Municipality at 30 June 2016.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2015/16 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

**2. KEY FINANCIAL INDICATORS**

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

**2.1 Financial Statement Ratios:**

INDICATOR	2016	2015
Surplus / (Deficit) before Appropriations	(15 495 781)	(50 971 043)
Surplus / (Deficit) at the end of the Year	595 085 184	610 580 965
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	20.39%	19.37%
Remuneration of Councillors	1.40%	1.50%
Depreciation and Amortisation	17.48%	17.77%
Impairment Losses	21.26%	29.27%
Repairs and Maintenance	3.15%	2.16%
Interest Paid	3.39%	2.97%
Bulk Purchases	18.06%	17.09%
Contracted Services	5.68%	2.91%
Grants and Subsidies Paid	0.91%	0.19%
General Expenses	8.28%	6.78%
Current Ratio:		
Trade Creditors Days	433	547
Debtors from Exchange Transactions Days	96	127



**VENTERSDORP LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
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**REPORT OF THE CHIEF FINANCIAL OFFICER**

**3. OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Ventersdorp Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	610 580 965	503 783 548	21.20	-	100.00
Operating income for the year	226 868 623	176 075 506	28.85	146 700 265	54.65
Appropriations for the year	-	-	-	-	-
	837 449 588	679 859 054	23.18	146 700 265	470.86
<b>Expenditure:</b>					
Operating expenditure for the year	242 364 404	227 046 550	6.75	184 165 236	31.60
Sundry transfers	-	(157 768 461)	(100.00)	-	-
Closing surplus / (deficit)	595 085 184	610 580 965	(2.54)	(37 464 971)	(1 688.38)
	837 449 588	679 859 054	23.18	146 700 265	470.86

**3.1 Rates and General Services:**

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	150 577 414	120 117 513	25.36	91 428 950	64.69
Expenditure	174 292 343	167 561 326	4.02	116 114 956	50.10
Surplus / (Deficit)	(23 714 930)	(47 443 813)	(50.01)	(24 686 006)	(3.93)
Surplus / (Deficit) as % of total income	(15.75)%	(39.50)%		(27.00)%	

**VENTERSDORP LOCAL MUNICIPALITY**  
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**REPORT OF THE CHIEF FINANCIAL OFFICER**

**3.2 Waste Management Services:**

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	10 392 418	9 688 998	7.26	10 088 139	3.02
Expenditure	5 265 021	3 687 465	42.78	4 502 680	16.93
Surplus / (Deficit)	5 127 397	6 001 533	(14.57)	5 585 459	(8.20)
Surplus / (Deficit) as % of total income	49.34%	61.94%		55.37%	

**3.3 Electricity Services:**

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R42 046 334 (2015: R36 849 364). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	51 354 991	40 143 375	27.93	42 025 866	22.20
Expenditure	57 491 001	50 742 150	13.30	57 464 630	0.05
Surplus / (Deficit)	(6 136 011)	(10 598 775)	(42.11)	(15 438 764)	(60.26)
Surplus / (Deficit) as % of total income	(11.95)%	(26.40)%		(36.74)%	

**3.4 Water Services:**

Water is bought in bulk from Lepelle Northern Water and "Uitloop Water Beleggings" and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R1 732 369 (2015: R1 963 257 ). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2015/16 R	Actual 2014/15 R	Percentage Variance %	Budgeted 2015/16 R	Variance actual/ budgeted %
Income	14 543 801	6 125 621	137.43	3 157 310	360.64
Expenditure	5 316 038	5 055 610	5.15	6 082 970	(12.61)
Surplus / (Deficit)	9 227 763	1 070 011	762.40	(2 925 660)	(415.41)
Surplus / (Deficit) as % of total income	63.45%	17.47%		(92.66)%	

**VENTERSDORP LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
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**REPORT OF THE CHIEF FINANCIAL OFFICER**

**4. RECONCILIATION OF BUDGET TO ACTUAL**

**4.1 Operating Budget:**

DETAILS	2016	2015
<i>Variance per Category:</i>		
Budgeted surplus / (loss) before appropriations	(37 464 971)	29 466 899
Revenue variances	80 168 358	13 813 077
Expenditure variances:		
Employee Related Costs	(2 280 933)	(605 184)
Remuneration of Councillors	310 436	33 347
Depreciation and Amortisation	(15 355 045)	(36 137 770)
Impairment Losses	(33 536 524)	(63 446 896)
Repairs and Maintenance	1 267 707	3 142 873
Interest Paid	(8 130 454)	(5 603 887)
Bulk Purchases	5 648 967	4 567 979
Contracted Services	(5 470 649)	646 727
Grants and Subsidies Paid	(692 854)	205 345
General Expenses	40 182	2 946 447
Loss on disposal of Property, Plant and Equipment	-	-
Actual loss before appropriations	(15 495 781)	(50 971 043)

DETAILS	2016	2015
<i>Variance per Service Segment:</i>		
Budgeted loss before appropriations	(37 464 971)	(7 334 677)
Executive and Council	4 891 761	660 022
Budget and Treasury Office	(21 384 876)	(75 985 080)
Corporate Services	(2 103 039)	(707 314)
Planning and Development	(708 263)	173 146
Community and Social Services	979 433	4 361 197
Public Safety	4 821 849	3 451 025
Sport and Recreation	274 923	62 229
Waste Management	(215 973)	(357 283)
Waste Water Management	(242 089)	914 584
Roads and Transport	14 199 288	25 118 910
Water	12 153 423	3 582 541
Electricity	9 302 753	(4 910 344)
Actual loss before appropriations	(15 495 781)	(50 971 043)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

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**REPORT OF THE CHIEF FINANCIAL OFFICER**

**5. ACCUMULATED SURPLUS**

The balance of the Accumulated Surplus as at 30 June 2016 amounted to R595 085 184 (30 June 2015: R610 580 965) and is made up as follows:

Accumulated Surplus	595 085 184
	<u>595 085 184</u>

Refer to Note 21 and the Statement of Change in Net Assets for more detail.

**6. LONG-TERM LIABILITIES**

The outstanding amount of Long-term Liabilities as at 30 June 2016 was R92 249 (30 June 2015: R261 714).

Refer to Note 18 and Appendix "A" for more detail.

**7. EMPLOYEE BENEFIT LIABILITIES**

Employee Benefit Liabilities amounted R16 623 618 as at 30 June 2016 (30 June 2015: R13 809 609) and is made up as follows:

Post-retirement Health Care Benefits Liability	14 654 119
Long Service Awards Liability	<u>1 969 499</u>
	<u>16 623 618</u>

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 19 for more detail.

**8. NON-CURRENT PROVISIONS**

Non-current Provisions amounted R5 273 533 as at 30 June 2016 (30 June 2015: R4 821 296) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	5 273 533
	<u>5 273 533</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 20 for more detail.

**VENTERSDORP LOCAL MUNICIPALITY**  
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**REPORT OF THE CHIEF FINANCIAL OFFICER**

**9. CURRENT LIABILITIES**

Current Liabilities amounted R124 059 878 as at 30 June 2016 (30 June 2015: R134 081 723) and is made up as follows:

Consumer Deposits	Note 13	1 282 783
Provisions	Note 14	657 771
Payables from Exchange Transactions	Note 15	121 375 801
Payables from Non-exchange Transactions	Note 16	10 692
Unspent Conditional Grants and Receipts	Note 17	563 366
Current Portion of Long-term Liabilities	Note 18	169 465
		<u>124 059 878</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months).

Refer to the indicated Notes for more detail.

**10. PROPERTY, PLANT AND EQUIPMENT**

The net value of Property, Plant and Equipment was R654 154 925 as at 30 June 2016 (30 June 2015: R642 565 421).

Refer to Note 8 and Appendices "B, C and E (4)" for more detail.

**11. INTANGIBLE ASSETS**

The net value of Intangible Assets were R66 908 as at 30 June 2016 (30 June 2015: R66 908).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 9 and Appendix "B" for more detail.

**12. INVESTMENT PROPERTY**

The net value of Investment Properties were R31 552 603 as at 30 June 2016 (30 June 2015: R31 552 603).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 10 and Appendix "B" for more detail.

**13. HERITAGE ASSETS**

The net value of Heritage Assets were R8 428 759 as at 30 June 2016 (30 June 2015: R8 428 759).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 11 and Appendix "B" for more detail.

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**REPORT OF THE CHIEF FINANCIAL OFFICER**

**14. NON-CURRENT INVESTMENTS**

The municipality held Investments to the value of R214 119 as at 30 June 2016 (30 June 2015: R210 509).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 12 for more detail.

**15. CURRENT ASSETS**

Current Assets amounted R46 717 148 as at 30 June 2016 (30 June 2015: R80 731 106) and is made up as follows:

Inventories	Note 2	2 942 796
Receivables from Exchange Transactions	Note 3	15 024 475
Receivables from Non-exchange Transactions	Note 4	19 027 816
VAT Receivable	Note 5	5 820 555
Cash and Cash Equivalents	Note 6	3 889 586
Operating Lease Assets	Note 7	11 919
		<u>46 717 148</u>

The increase in the amount for Current Assets is mainly due to the increased amount for Cash and Cash Equivalents due to the non-payment of Payables.

Refer to the indicated Notes for more detail.

**16. INTER-GOVERNMENTAL GRANTS**

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 17 and 25, and Appendix "F" for more detail.

**17. EVENTS AFTER THE REPORTING DATE**

Ventersdorp municipality and Tlokwe municipality is in the process of being merged into a combined new municipality. The merger is due to occur on 3 August 2016. The name of the new municipality must still be confirmed. The preliminary name used is Northwest 405 Municipality (Ventersdorp/Tlokwe). All assets and liabilities of the municipality will be transferred to the new combined municipality as a result of the merger. Refer to notes 58 and 42.

**VENTERSDORP LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**18. EXPRESSION OF APPRECIATION**

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

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**CWK KGOSIEMANG**

**ACTING CHIEF FINANCIAL OFFICER**

31 August 2016

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016**

		Actual	
	Note	2016 R	2015 Restated R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>46 717 148</b>	<b>80 731 106</b>
Inventories	2	2 942 796	3 163 363
Receivables from Exchange Transactions	3	15 024 475	15 353 373
Receivables from Non-exchange Transactions	4	19 027 816	50 467 519
VAT Receivable	5	5 820 555	11 659 460
Cash and Cash Equivalents	6	3 889 586	76 615
Operating Lease Receivables	7	11 919	10 775
<b>Non-Current Assets</b>		<b>694 417 315</b>	<b>682 824 201</b>
Property, Plant and Equipment	8	654 154 925	642 565 421
Intangible Assets	9	66 908	66 908
Investment Property	10	31 552 603	31 552 603
Heritage Assets	11	8 428 759	8 428 759
Non-current Investments	12	214 119	210 509
<b>Total Assets</b>		<b>741 134 462</b>	<b>763 555 307</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>124 059 878</b>	<b>134 081 723</b>
Consumer Deposits	13	1 282 783	1 280 315
Provisions	14	657 771	604 758
Payables from Exchange Transactions	15	121 375 801	116 411 358
Payables from Non-exchange Transactions	16	10 692	162 063
Unspent Conditional Grants and Receipts	17	563 366	15 381 485
Bank Overdraft	6	-	33 856
Current Portion of Long-term Liabilities	18	169 465	207 888
<b>Non-Current Liabilities</b>		<b>21 989 400</b>	<b>18 892 618</b>
Long-term Liabilities	18	92 249	261 714
Employee Benefit Liabilities	19	16 623 618	13 809 609
Non-current Provisions	20	5 273 533	4 821 296
<b>Total Liabilities</b>		<b>146 049 278</b>	<b>152 974 341</b>
<b>Total Assets and Liabilities</b>		<b>595 085 184</b>	<b>610 580 965</b>
<b>NET ASSETS</b>		<b>595 085 184</b>	<b>610 580 965</b>
Accumulated Surplus / (Deficit)	21	595 085 184	610 580 965
<b>Total Net Assets</b>		<b>595 085 184</b>	<b>610 580 965</b>



**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

		Actual	
	Note	2016	2015
		R	Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	22	11 826 368	10 398 205
Fines	23	42 577 717	31 375 047
Income from Agency Services	24	1 650 858	2 702 496
Government Grants and Subsidies Received	25	111 759 581	86 090 533
<b>Revenue from Exchange Transactions</b>			
Service Charges	26	57 335 126	44 206 518
Rental of Facilities and Equipment	27	76 056	79 578
Interest Earned - External Investments	28	709 602	642 670
Other Revenue	29	919 190	427 742
Gains on Other Operations	41	14 125	7 066
Profit on Sale of Land	30	-	145 649
<b>Total Revenue</b>		<b>226 868 623</b>	<b>176 075 506</b>
<b>EXPENDITURE</b>			
Employee Related Costs	31	49 411 833	43 988 354
Remuneration of Councillors	32	3 404 060	3 399 503
Depreciation and Amortisation	33	42 355 045	40 337 770
Impairment Losses	34	51 536 524	66 446 896
Repairs and Maintenance	35	7 629 733	4 907 087
Finance Costs	36	8 210 454	6 745 537
Bulk Purchases	37	43 778 703	38 812 621
Contracted Services	38	13 772 879	6 596 613
Grants and Subsidies Paid	39	2 204 354	422 635
General Expenses	40	20 060 818	15 389 534
<b>Total Expenditure</b>		<b>242 364 404</b>	<b>227 046 550</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(15 495 781)</b>	<b>(50 971 043)</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016**

Description	Total for Accumulated Surplus/(Deficit) Account	Total
<b>2015</b>	R	R
Balance at 30 June 2014	503 783 548	503 783 548
Correction of Error (Note 43)	157 768 461	157 768 461
<b>Balance as at 30 June 2014</b>	<b>661 552 009</b>	<b>661 552 009</b>
Surplus / (Deficit) for the year ended 30 June 2015	(50 971 043)	(50 971 043)
<b>Balance at 30 June 2015</b>	<b>610 580 965</b>	<b>610 580 965</b>
<b>2016</b>		
Surplus / (Deficit) for the year ended 30 June 2016	(15 495 781)	(15 495 781)
<b>Balance at 30 June 2016</b>	<b>595 085 184</b>	<b>595 085 184</b>
	(0.00)	(0.00)

**VENTERSDORP LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

		Actual	
	Note	2016	2015
		R	Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	22	28 259 222	4 121 786
Government Grant and Subsidies	25	96 941 462	89 430 852
Service Charges	26	44 779 073	25 904 070
Interest Received	28	709 602	642 670
Other Receipts	29	27 433 451	(8 113 771)
<b>Payments</b>			
Employee Related Costs	31	(46 544 811)	(43 223 290)
Remuneration of Councillors	32	(3 404 060)	(3 399 503)
Interest Paid	36	(7 758 217)	(6 332 081)
Suppliers Paid	38	(59 996 305)	(23 422 244)
Other Payments	40	(22 416 544)	(18 210 154)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>58 002 874</b>	<b>17 398 335</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	8	(53 944 549)	(26 476 461)
Purchase of Heritage Assets	11	-	(80 598)
Proceeds from disposal of Investment Property	30	-	152 000
Increase in Non-current Investments	12	(3 610)	(6 882)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(53 948 159)</b>	<b>(26 411 941)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings	18	(207 888)	(229 403)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(207 888)</b>	<b>(229 403)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>3 846 828</b>	<b>(9 243 009)</b>
Cash and Cash Equivalents at Beginning of Period		42 759	9 285 768
Cash and Cash Equivalents at End of Period	6	3 889 586	42 759

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>											
<b>Current Assets</b>											
Inventories	26 000 000	(22 400 000)	3 600 000	-	-	3 600 000	2 942 796	-	(657 204)	81.74	11.32
Receivables from Exchange Transactions	61 000 000	(15 500 000)	45 500 000	-	-	45 500 000	15 024 475	-	(30 475 525)	33.02	24.63
Receivables from Non-exchange Transactions	28 000 000	44 000 000	72 000 000	-	-	72 000 000	19 027 816	-	(52 972 184)	26.43	67.96
VAT Receivable	-	-	-	-	-	-	5 820 555	-	5 820 555	0.00	0.00
Cash and Cash Equivalents	15 550 000	(8 200 000)	7 350 000	-	-	7 350 000	3 889 586	-	(3 460 414)	52.92	25.01
Operating Lease Receivables	-	-	-	-	-	-	11 919	-	11 919	0.00	0.00
<b>Non-Current Assets</b>											
Property, Plant and Equipment	399 000 000	95 000 000	494 000 000	-	-	494 000 000	654 154 925	-	160 154 925	132.42	163.95
Intangible Assets	300 000	-	300 000	-	-	300 000	66 908	-	(233 092)	22.30	22.30
Investment Property	15 446 000	28 695 000	44 141 000	-	-	44 141 000	31 552 603	-	(12 588 397)	71.48	204.28
Heritage Assets	-	-	-	-	-	-	8 428 759	-	8 428 759	0.00	0.00
Non-current Investments	215 000	-	215 000	-	-	215 000	214 119	-	(881)	99.59	99.59
<b>Total Assets</b>	<b>545 511 000</b>	<b>121 595 000</b>	<b>667 106 000</b>	<b>-</b>	<b>-</b>	<b>667 106 000</b>	<b>741 134 462</b>	<b>-</b>	<b>74 028 462</b>	<b>111.10</b>	<b>135.86</b>
<b>Current Liabilities</b>											
Consumer Deposits	1 500 000	-	1 500 000	-	-	1 500 000	1 282 783	-	(217 217)	85.52	85.52
Provisions	-	-	-	-	-	-	657 771	-	657 771	0.00	0.00
Payables from Exchange Transactions	54 000 000	75 000 000	129 000 000	-	-	129 000 000	121 375 801	-	(7 624 199)	94.09	224.77
Payables from Non-exchange Transactions	-	-	-	-	-	-	10 692	-	10 692	0.00	0.00
Unspent Conditional Grants and Receipts	9 000 000	(9 000 000)	-	-	-	-	563 366	-	563 366	0.00	6.26
Operating Lease Liabilities	-	-	-	-	-	-	-	-	-	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	2 400 000	(2 400 000)	-	-	-	-	169 465	-	169 465	0.00	7.06
<b>Non-Current Liabilities</b>											
Long-term Liabilities	-	-	-	-	-	-	92 249	-	92 249	0.00	0.00
Retirement Benefit Liabilities	-	-	-	-	-	-	16 623 618	-	16 623 618	0.00	0.00
Non-current Provisions	2 000 000	-	2 000 000	-	-	2 000 000	5 273 533	-	3 273 533	263.68	263.68
<b>Total Liabilities</b>	<b>68 900 000</b>	<b>63 600 000</b>	<b>132 500 000</b>	<b>-</b>	<b>-</b>	<b>132 500 000</b>	<b>146 049 278</b>	<b>-</b>	<b>13 549 278</b>	<b>110.23</b>	<b>211.97</b>
<b>Total Assets and Liabilities</b>	<b>476 611 000</b>	<b>57 995 000</b>	<b>534 606 000</b>	<b>-</b>	<b>-</b>	<b>534 606 000</b>	<b>595 085 184</b>	<b>-</b>	<b>60 479 184</b>	<b>111.31</b>	<b>124.86</b>
<b>Net Assets (Equity)</b>											
Accumulated Surplus / (Deficit)	476 611 000	57 995 000	534 606 000	-	-	534 606 000	595 085 184	-	60 479 184	111.31	124.86
<b>Total Net Assets</b>	<b>476 611 000</b>	<b>57 995 000</b>	<b>534 606 000</b>	<b>-</b>	<b>-</b>	<b>534 606 000</b>	<b>595 085 184</b>	<b>-</b>	<b>60 479 184</b>	<b>111.31</b>	<b>124.86</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

**Inventories:**

It has been over-budgeted for Inventories.

**Receivables from Exchange Transactions:**

Increase in Provision for Bad Debts, due to decline in recovery of Debtors, not budgeted for.

**Receivables from Non-exchange Transactions:**

Increase in Provision for Bad Debts, due to decline in recovery of Debtors, not budgeted for.

**VAT Receivable:**

NT Budget Template not aligned to GRAP and does not provide for VAT Receivable.

**Cash and Cash Equivalents:**

Operating & capital expenditure not budgeted for.

**Operating Lease Receivables:**

NT Budget Template not aligned to GRAP and does not provide for Operating Lease Receivables.

**Property, Plant and Equipment:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances.

**Intangible Assets:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances.

**Investment Property:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances.

**Heritage Assets:**

NT Budget Template not aligned to GRAP and does not provide for Heritage Assets.

**Consumer Deposits:**

It was over-budgeted for Consumer Deposits

**Provisions:**

No budget for provisions

**Payables from Non-exchange Transactions:**

NT Budget Template not aligned to GRAP and does not provide for Payables from Non-exchange Transactions - included in budget for Payables from Exchange Transactions.

**Unspent Conditional Grants and Receipts:**

No budget for unspent grants

**Current Portion of Long-term Liabilities:**

No budget for current portion of Long term Liabilities

**Long-term Liabilities:**

No budget for Long term Liabilities

**Retirement Benefit Liabilities:**

No budgeted for Provision for Retirement Benefit Liabilities.

**Non-current Provisions:**

It was under-budgeted for Provision for rehabilitation of Landfill Sites. The provision was recalculated for the current and prior financial year.

**Accumulated Surplus / (Deficit):**

It was under-budgeted for Accumulated Surplus.

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>											
<b>Revenue from Non-exchange Transactions</b>											
Property Rates	9 707 550	5 240 900	14 948 450	-	-	14 948 450	11 826 368	-	(3 122 082)	79.11	121.83
Fines	5 533 560	(1 000 000)	4 533 560	-	-	4 533 560	42 577 717	-	38 044 157	939.17	769.45
Licences and Permits	-	-	-	-	-	-	-	-	-	0.00	0.00
Income for Agency Services	1 587 720	(1 262 720)	325 000	-	-	325 000	1 650 858	-	1 325 858	507.96	103.98
Government Grants and Subsidies Received	69 404 000	680 000	70 084 000	-	-	70 084 000	111 759 581	-	41 675 581	159.47	161.03
<b>Revenue from Exchange Transactions</b>											
Service Charges	63 872 890	(8 601 575)	55 271 315	-	-	55 271 315	57 335 126	-	2 063 811	103.73	89.76
Rental of Facilities and Equipment	115 070	-	115 070	-	-	115 070	76 056	-	(39 014)	66.10	66.10
Interest Earned - External Investments	628 600	41 400	670 000	-	-	670 000	709 602	-	39 602	105.91	112.89
Other Income	348 520	404 350	752 870	-	-	752 870	919 190	-	166 320	122.09	263.74
Gains on Other Operations	-	-	-	-	-	-	14 125	-	14 125	0.00	0.00
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	209 600	(209 600)	-	-	-	-	-	-	-	0.00	0.00
<b>Total Revenue</b>	<b>151 407 510</b>	<b>(4 707 245)</b>	<b>146 700 265</b>	<b>-</b>	<b>-</b>	<b>146 700 265</b>	<b>226 868 623</b>	<b>-</b>	<b>80 168 358</b>	<b>154.65</b>	<b>149.84</b>
<b>Expenditure</b>											
Employee Related Costs	43 859 930	3 270 970	47 130 900	-	-	47 130 900	49 411 833	2 280 933	2 280 933	104.84	112.66
Remuneration of Councillors	3 714 496	-	3 714 496	-	-	3 714 496	3 404 060	-	(310 436)	91.64	91.64
Depreciation and Amortisation	8 000 000	19 000 000	27 000 000	-	-	27 000 000	42 355 045	15 355 045	15 355 045	156.87	529.44
Impairment Losses	3 000 000	15 000 000	18 000 000	-	-	18 000 000	51 536 524	33 536 524	33 536 524	286.31	1 717.88
Repairs and Maintenance	8 371 710	525 730	8 897 440	-	-	8 897 440	7 629 733	-	(1 267 707)	85.75	91.14
Finance Costs	1 181 930	(1 101 930)	80 000	-	-	80 000	8 210 454	8 130 454	8 130 454	10 263.07	694.67
Bulk Purchases	49 427 670	-	49 427 670	-	-	49 427 670	43 778 703	-	(5 648 967)	88.57	88.57
Contracted Services	7 810 820	491 410	8 302 230	-	-	8 302 230	13 772 879	5 470 649	5 470 649	165.89	176.33
Grants and Subsidies Paid	835 360	676 140	1 511 500	-	-	1 511 500	2 204 354	692 854	692 854	145.84	263.88
General Expenses	19 868 380	232 620	20 101 000	-	-	20 101 000	20 060 818	-	(40 182)	99.80	100.97
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Expenditure</b>	<b>146 070 296</b>	<b>38 094 940</b>	<b>184 165 236</b>	<b>-</b>	<b>-</b>	<b>184 165 236</b>	<b>242 364 404</b>	<b>65 466 459</b>	<b>58 199 168</b>	<b>131.60</b>	<b>165.92</b>
<b>Surplus/(Deficit)</b>	<b>5 337 214</b>	<b>(42 802 185)</b>	<b>(37 464 971)</b>	<b>-</b>	<b>-</b>	<b>(37 464 971)</b>	<b>(15 495 781)</b>	<b>(65 466 459)</b>	<b>21 969 190</b>	<b>0.00</b>	<b>0.00</b>
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	0.00	0.00
<b>Surplus/(Deficit for the Year)</b>	<b>5 337 214</b>	<b>(42 802 185)</b>	<b>(37 464 971)</b>	<b>-</b>	<b>-</b>	<b>(37 464 971)</b>	<b>(15 495 781)</b>	<b>(65 466 459)</b>	<b>21 969 190</b>	<b>-</b>	<b>-</b>

## VENTERSDORP LOCAL MUNICIPALITY

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

**Financial Performance: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

**Property Rates:**

It was over-budgeted for Rates

**Fines:**

Budget for fines was done on a cash basis of amounts expected to be recovered and not according to iGRAP 1. Fines issued by service provider exceeded budgetary expectations.

**Income for Agency Services:**

Income for Agency Services exceeded budgetary expectations.

**Government Grants and Subsidies Received:**

Budget for grant revenue did not take into account an amount of R 13,2 million that was with-held due to non-spending of funds by the municipality and the municipality did not budget for grants to be fully spent.

**Service Charges:**

It was under-budgeted for Service charges.

**Rental of Facilities and Equipment:**

It was under-budgeted for Rental of Facilities and Equipment - negligible amount.

**Other Income:**

Other Income received was less than budgetary expectations.

**Employee Related Costs:**

The municipality did not budget for defined benefit plan expenses.

**Depreciation and Amortisation:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances on depreciation.

**Impairment Losses:**

It was under-budgeted for Impairment Losses on Receivables.

**Repairs and Maintenance:**

It was under-budgeted for repairs and maintenance

**Finance Costs:**

It was only budgeted for interest on annuity loans and not for creditors overdue and interest accrue on land-fill site provision.

**Bulk Purchases:**

It was under-budgeted for bulk purchases

**Contracted Services:**

Expenditure on professional fees has not been budgeted for.

**Grants and Subsidies Paid:**

Under budgeted for project expenditure

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
<b>CASH FLOW</b>											
<b>Cash Flows from/(used in) Operating Activities</b>											
Property Rates	2 808 000	8 545 000	11 353 000	-	-	11 353 000	28 259 222	16 906 222	16 906 222	248.91	1 006.38
Grants	95 383 000	1 001 000	96 384 000	-	-	96 384 000	96 941 462	557 462	557 462	100.58	101.63
Public Contributions and Donations	-	-	-	-	-	-	-	-	-	0.00	0.00
Service Charges	40 024 000	-	40 024 000	-	-	40 024 000	44 779 073	4 755 073	4 755 073	111.88	111.88
Interest Received	628 600	40 000	668 600	-	-	668 600	709 602	41 002	41 002	106.13	112.89
Other Receipts	7 326 000	(1 685 000)	5 641 000	-	-	5 641 000	27 433 451	21 792 451	21 792 451	486.32	374.47
Employee Related Costs	-	-	-	-	-	-	(46 544 811)	-	(46 544 811)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(3 404 060)	-	(3 404 060)	0.00	0.00
Interest Paid	(1 181 930)	1 102 000	(79 930)	-	-	(79 930)	(7 758 217)	-	(7 678 287)	0.00	0.00
Suppliers Paid	(151 488 000)	-	(151 488 000)	-	-	(151 488 000)	(59 996 305)	91 491 695	91 491 695	0.00	0.00
Other Payments	-	-	-	-	-	-	(22 416 544)	-	(22 416 544)	0.00	0.00
<b>Cash Flows from/(used in) Investing Activities</b>											
Purchase of Property, Plant and Equipment	(27 420 000)	-	(27 420 000)	-	-	(27 420 000)	(53 944 549)	-	(26 524 549)	0.00	0.00
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	(3 610)	-	(3 610)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	32 370 000	-	32 370 000	-	-	32 370 000	-	-	(32 370 000)	0.00	0.00
<b>Cash Flows from/(used in) Financing Activities</b>											
Loans repaid	-	-	-	-	-	-	(207 888)	-	(207 888)	0.00	0.00
<b>Cash and Cash Equivalents at End of the Year</b>	<b>(1 550 330)</b>	<b>9 003 000</b>	<b>7 452 670</b>	<b>-</b>	<b>-</b>	<b>7 452 670</b>	<b>3 846 828</b>	<b>135 543 906</b>	<b>(3 605 842)</b>	<b>51.62</b>	<b>0.00</b>

**Cash Flow: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

**Property Rates**

Budget not aligned to GRAP requirements - Budget only for rates as per Statement of Financial Performance.

**Other Receipts**

Budget not aligned to GRAP requirements - Budget only for other revenue as per Statement of Financial Performance.

**Employee Related Costs**

NT Budget Template not aligned to GRAP requirements - Employee Costs included in Suppliers Paid below.

**Remuneration of Councillors**

NT Budget Template not aligned to GRAP requirements - Councillor Remuneration included in Suppliers Paid below.

**Interest Paid**

It was not budgeted for Interest and Penalties on late payments made.

**Suppliers Paid**

NT Budget Template not aligned to GRAP requirements - Employee Costs and Councillor Remuneration above included in Suppliers Paid.

**Other Payments**

It was not budgeted for the effect of changes in outstanding payables.

**Purchase of Property, Plant and Equipment:**

Under budgeted for capital expenditure on Property, Plant and Equipment.

**Purchase of Intangible Assets:**

Nt Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

**Decrease / (Increase) in Long-term Receivables:**

Over budgeted for the change in Long-term Receivables.

**Loans repaid:**

It was not budgeted for the repayment of annuity loans



**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>											
<b>Current Assets</b>											
Inventories	400 000	-	400 000	-	-	400 000	3 163 363	-	2 763 363	790.84	790.84
Receivables from Exchange Transactions	30 000 000	-	30 000 000	-	-	30 000 000	15 353 373	-	(14 646 627)	51.18	51.18
Receivables from Non-exchange Transactions	35 000 000	-	35 000 000	-	-	35 000 000	50 467 519	-	15 467 519	144.19	144.19
VAT Receivable	-	-	-	-	-	-	11 659 460	-	11 659 460	0.00	0.00
Cash and Cash Equivalents	12 463 000	571 000	13 034 000	-	-	13 034 000	76 615	-	(12 957 385)	0.59	0.61
Operating Lease Receivables	-	-	-	-	-	-	10 775	-	10 775	0.00	0.00
<b>Non-Current Assets</b>											
Property, Plant and Equipment	310 000 000	80 000 000	390 000 000	-	-	390 000 000	642 565 421	-	252 565 421	164.76	207.28
Intangible Assets	-	270 000	270 000	-	-	270 000	66 908	-	(203 092)	24.78	0.00
Investment Property	-	15 446 000	15 446 000	-	-	15 446 000	31 552 603	-	16 106 603	204.28	0.00
Heritage Assets	-	-	-	-	-	-	8 428 759	-	8 428 759	0.00	0.00
Non-current Investments	15 582 000	(15 378 000)	204 000	-	-	204 000	210 509	-	6 509	103.19	1.35
<b>Total Assets</b>	<b>403 445 000</b>	<b>80 909 000</b>	<b>484 354 000</b>	<b>-</b>	<b>-</b>	<b>484 354 000</b>	<b>763 555 307</b>	<b>-</b>	<b>279 201 307</b>	<b>157.64</b>	<b>189.26</b>
<b>Current Liabilities</b>											
Consumer Deposits	1 200 000	-	1 200 000	-	-	1 200 000	1 280 315	-	80 315	106.69	106.69
Provisions	-	-	-	-	-	-	604 758	-	604 758	0.00	0.00
Payables from Exchange Transactions	51 963 000	6 128 000	58 091 000	-	-	58 091 000	116 411 358	-	58 320 358	200.39	224.03
Payables from Non-exchange Transactions	-	-	-	-	-	-	162 063	-	162 063	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	15 381 485	-	15 381 485	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	33 856	-	33 856	0.00	0.00
Current Portion of Long-term Liabilities	6 000 000	(3 500 000)	2 500 000	-	-	2 500 000	207 888	-	(2 292 112)	8.32	3.46
<b>Non-Current Liabilities</b>											
Long-term Liabilities	-	-	-	-	-	-	261 714	-	261 714	0.00	0.00
Retirement Benefit Liabilities	-	-	-	-	-	-	13 809 609	-	13 809 609	0.00	0.00
Non-current Provisions	4 000 000	-	4 000 000	-	-	4 000 000	4 821 296	-	821 296	120.53	120.53
<b>Total Liabilities</b>	<b>63 163 000</b>	<b>2 628 000</b>	<b>65 791 000</b>	<b>-</b>	<b>-</b>	<b>65 791 000</b>	<b>152 974 341</b>	<b>-</b>	<b>87 183 341</b>	<b>232.52</b>	<b>242.19</b>
<b>Total Assets and Liabilities</b>	<b>340 282 000</b>	<b>78 281 000</b>	<b>418 563 000</b>	<b>-</b>	<b>-</b>	<b>418 563 000</b>	<b>610 580 965</b>	<b>-</b>	<b>192 017 965</b>	<b>145.88</b>	<b>179.43</b>
<b>Net Assets (Equity)</b>											
Reserves	156 000	-	156 000	-	-	156 000	-	-	(156 000)	0.00	0.00
Accumulated Surplus / (Deficit)	340 126 000	78 281 000	418 407 000	-	-	418 407 000	610 580 965	-	192 173 965	145.93	179.52
<b>Total Net Assets</b>	<b>340 282 000</b>	<b>78 281 000</b>	<b>418 563 000</b>	<b>-</b>	<b>-</b>	<b>418 563 000</b>	<b>610 580 965</b>	<b>-</b>	<b>192 017 965</b>	<b>145.88</b>	<b>179.43</b>
							0		0		

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

**Inventories:**

No budget for Property stock

**Receivables from Exchange Transactions:**

Increase in Provision for Bad Debts, due to decline in recovery of Debtors, not budgeted for.

**Receivables from Non-exchange Transactions:**

Receivables from non-exchange transactions have been restated due to the retrospective correction of rates on Government and other accounts which was not budgeted for.

**VAT Receivable:**

NT Budget Template not aligned to GRAP and does not provide for VAT Receivable.

**Cash and Cash Equivalents:**

Operating & capital expenditure not budgeted for.

**Operating Lease Receivables:**

NT Budget Template not aligned to GRAP and does not provide for Operating Lease Receivables.

**Property, Plant and Equipment:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances.

**Intangible Assets:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances.

**Investment Property:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances.

**Heritage Assets:**

NT Budget Template not aligned to GRAP and does not provide for Heritage Assets.

**Provisions:**

No budget for provisions

**Payables from Exchange Transactions:**

Under budgeted for Payables from Exchange Transactions.

**Payables from Non-exchange Transactions:**

Did not budget for Payables from Non-exchange Transactions.

**Unspent Conditional Grants and Receipts:**

Did not budget for Unspent Conditional grants.

**Bank Overdraft:**

Did not budget for Bank overdraft

**Current Portion of Long-term Liabilities:**

Over-budgeted for current portion of Long-term liabilities

**Long-term Liabilities:**

Did not budget for Long-term Liabilities

**Retirement Benefit Liabilities:**

No budgeted for Provision for Retirement Benefit Liabilities.

**Non-current Provisions:**

Under budgeted for Provision for rehabilitation of landfill sites

**Accumulated Surplus / (Deficit):**

Under budgeted for Accumulated Surplus.

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>											
<b>Revenue from Non-exchange Transactions</b>											
Property Rates	8 755 960	506 962	9 262 922	-	-	9 262 922	10 398 205	-	1 135 283	112.26	118.76
Fines	5 285 420	(5 310)	5 280 110	-	-	5 280 110	31 375 047	-	26 094 937	594.21	593.62
Licences and Permits	-	-	-	-	-	-	-	-	-	0.00	0.00
Income for Agency Services	2 481 600	(966 600)	1 515 000	-	-	1 515 000	2 702 496	-	1 187 496	178.38	108.90
Government Grants and Subsidies Received	89 317 000	(200)	89 316 800	-	-	89 316 800	86 090 533	-	(3 226 267)	96.39	96.39
<b>Revenue from Exchange Transactions</b>											
Service Charges	55 688 969	(2 115 048)	53 573 921	-	-	53 573 921	44 206 518	-	(9 367 403)	82.51	79.38
Rental of Facilities and Equipment	82 320	6 360	88 680	-	-	88 680	79 578	-	(9 102)	89.74	96.67
Interest Earned - External Investments	355 770	9 230	365 000	-	-	365 000	642 670	-	277 670	176.07	180.64
Other Income	295 390	37 170	332 560	-	-	332 560	427 742	-	95 182	128.62	144.81
Gains on Other Operations	-	-	-	-	-	-	7 066	-	7 066	0.00	0.00
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	-	200 000	200 000	-	-	200 000	145 649	-	(54 351)	72.82	0.00
<b>Total Revenue</b>	<b>162 262 429</b>	<b>(2 327 436)</b>	<b>159 934 993</b>	<b>-</b>	<b>-</b>	<b>159 934 993</b>	<b>176 075 506</b>	<b>-</b>	<b>16 140 513</b>	<b>110.09</b>	<b>108.51</b>
<b>Expenditure</b>											
Employee Related Costs	43 383 170	(1 352 000)	42 031 170	-	-	42 031 170	43 988 354	1 957 184	1 957 184	104.66	101.39
Remuneration of Councillors	3 432 850	-	3 432 850	-	-	3 432 850	3 399 503	-	(33 347)	99.03	99.03
Depreciation and Amortisation	4 200 000	-	4 200 000	-	-	4 200 000	40 337 770	36 137 770	36 137 770	960.42	960.42
Impairment Losses	3 000 000	-	3 000 000	-	-	3 000 000	66 446 896	63 446 896	63 446 896	2 214.90	2 214.90
Repairs and Maintenance	8 049 960	128 220	8 178 180	-	-	8 178 180	4 907 087	-	(3 271 093)	60.00	60.96
Finance Costs	1 141 650	-	1 141 650	-	-	1 141 650	6 745 537	5 603 887	5 603 887	590.86	590.86
Bulk Purchases	43 380 600	-	43 380 600	-	-	43 380 600	38 812 621	-	(4 567 979)	89.47	89.47
Contracted Services	7 243 340	(599 200)	6 644 140	-	-	6 644 140	6 596 613	-	(47 527)	99.28	91.07
Grants and Subsidies Paid	627 980	8 140	636 120	-	-	636 120	422 635	-	(213 485)	66.44	67.30
General Expenses	18 335 980	(359 020)	17 976 960	-	36 648 000	54 624 960	15 389 534	-	(39 235 427)	28.17	83.93
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Expenditure</b>	<b>132 795 530</b>	<b>(2 173 860)</b>	<b>130 621 670</b>	<b>-</b>	<b>36 648 000</b>	<b>167 269 670</b>	<b>227 046 550</b>	<b>107 145 736</b>	<b>59 776 880</b>	<b>135.74</b>	<b>170.97</b>
<b>Surplus/(Deficit)</b>	<b>29 466 899</b>	<b>(153 576)</b>	<b>29 313 323</b>	<b>-</b>	<b>(36 648 000)</b>	<b>(7 334 677)</b>	<b>(50 971 043)</b>	<b>(107 145 736)</b>	<b>(43 636 366)</b>	<b>0.00</b>	<b>0.00</b>
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	0.00	0.00
<b>Surplus/(Deficit for the Year)</b>	<b>29 466 899</b>	<b>(153 576)</b>	<b>29 313 323</b>	<b>-</b>	<b>(36 648 000)</b>	<b>(7 334 677)</b>	<b>(50 971 043)</b>	<b>(107 145 736)</b>	<b>(43 636 366)</b>	<b>-</b>	<b>-</b>

## VENTERSDORP LOCAL MUNICIPALITY

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

***Financial Performance: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

**Property Rates:**

It was over-budgeted for Rates

**Fines:**

Budget for fines was done on a cash basis of amounts expected to be recovered and not according to iGRAP 1. Fines issued by service provider exceeded budgetary expectations.

**Income for Agency Services:**

Income for Agency Services exceeded budgetary expectations.

**Service Charges:**

It was under-budgeted for Service charges.

**Interest Earned - External Investments:**

Interest Earned exceeded the budgetary expectations due to funds not spent.

**Other Income:**

Other Income received exceeded budgetary expectations.

**Profit on Sale of Land:**

Under budgeted profit on the sale of land.

**Depreciation and Amortisation:**

The municipality compiled a completely new, GRAP compliant asset register containing Property Plant and Equipment, Investment Properties and Heritage Assets which resulted in budget variances on depreciation.

**Impairment Losses:**

It was under-budgeted for Impairment Losses on Receivables.

**Repairs and Maintenance:**

It was under-budgeted for repairs and maintenance

**Finance Costs:**

It was only budgeted for interest on annuity loans and not for creditors overdue and interest accrue on land-fill site provision.

**Bulk Purchases:**

It was over-budgeted for bulk purchases

**Grants and Subsidies Paid:**

Over budgeted for project expenditure

**General Expenses :**

Over budgeted for General Expenses. Budget includes capital expenditure

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2015

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
<b>CASH FLOW</b>											
<b>Cash Flows from/(used in) Operating Activities</b>											
Property Rates	-	-	-	-	-	-	4 121 786	4 121 786	4 121 786	0.00	0.00
Grants	89 317 200	7 340 000	96 657 200	-	-	96 657 200	89 430 852	-	(7 226 348)	92.52	100.13
Service Charges	54 924 400	(2 130 026)	52 794 374	-	-	52 794 374	25 904 070	-	(26 890 304)	49.07	47.16
Interest Received	355 770	10 000	365 770	-	-	365 770	642 670	276 900	276 900	175.70	180.64
Other Receipts	-	-	-	-	-	-	(8 113 771)	-	(8 113 771)	0.00	0.00
Employee Related Costs	-	-	-	-	-	-	(43 223 290)	-	(43 223 290)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	(3 399 503)	-	(3 399 503)	0.00	0.00
Interest Paid	(1 141 650)	-	(1 141 650)	-	-	(1 141 650)	(6 332 081)	-	(5 190 431)	0.00	0.00
Suppliers Paid	(129 251 849)	2 676 000	(126 575 849)	-	-	(126 575 849)	(23 422 244)	103 153 605	103 153 605	0.00	0.00
Other Payments	-	-	-	-	-	-	(18 210 154)	-	(18 210 154)	0.00	0.00
<b>Cash Flows from/(used in) Investing Activities</b>											
Purchase of Property, Plant and Equipment	(28 809 000)	(7 840 000)	(36 649 000)	-	-	(36 649 000)	(26 476 461)	10 172 539	10 172 539	0.00	0.00
Purchase of Heritage Assets	-	-	-	-	-	-	(80 598)	-	(80 598)	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	152 000	152 000	152 000	0.00	0.00
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	(6 882)	-	(6 882)	0.00	0.00
<b>Cash Flows from/(used in) Financing Activities</b>											
Loans repaid	-	-	-	-	-	-	(229 403)	-	(229 403)	0.00	0.00
Increase / (Decrease) in Short-term Loans	200 000	7 898 003	8 098 003	-	-	8 098 003	-	-	(8 098 003)	0.00	0.00
<b>Cash and Cash Equivalents at End of the Year</b>	<b>(14 405 129)</b>	<b>7 953 977</b>	<b>(6 451 152)</b>	<b>-</b>	<b>-</b>	<b>(6 451 152)</b>	<b>(9 243 009)</b>	<b>117 876 831</b>	<b>(2 791 857)</b>	<b>0.00</b>	<b>0.00</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

***Cash Flow: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Property Rates

Budget not aligned to GRAP requirements - No budget for Property Rates.

Service Charges

Budget not aligned to GRAP requirements - Property Rates included in Service charges.

Interest Received

Interest Earned exceeded the budgetary expectations due to unspent grants invested.

Other Receipts

Not budgeted for Other Receipts.

Employee Related Costs

Budget not aligned to GRAP requirements - Employee Costs included in Suppliers Paid below.

Remuneration of Councillors

Budget not aligned to GRAP requirements - Councillor Remuneration included in Suppliers Paid below.

Interest Paid

It was not budgeted for Interest and Penalties on late payments made.

Suppliers Paid

Budget not aligned to GRAP requirements - Employee Costs and Councillor Remuneration above included in Suppliers Paid.

Other Payments

It was not budgeted for the effect of changes in outstanding payables.

Purchase of Property, Plant and Equipment:

Over budgeted for capital expenditure

Purchase of Heritage Assets

No budget for Heritage Assets

Proceeds on Disposal of Property, Plant and Equipment:

No budget for proceeds on disposal of PPE

Loans repaid:

It was not budgeted for the repayment of annuity loans

Increase / (Decrease) in Short-term Loans:

Over budgeted for proceeds from short term loans

**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016**

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2015/16		2014/15
	R		R
<b>Net surplus/(deficit) per the statement of financial performance</b>	<b>(15 495 781)</b>		<b>(50 971 043)</b>
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	3 122 082		(1 135 283)
Fines	(38 044 157)		(26 094 937)
Revenue for Agency Services	(1 325 858)		(1 187 496)
Government Grants and Subsidies Received	(41 675 581)		3 226 267
<b>Revenue from Exchange Transactions</b>			
Service Charges	(2 063 811)		9 367 403
Rental of Facilities and Equipment	39 014		9 102
Interest Earned - External Investments	(39 602)		(277 670)
Other Revenue	(166 320)		(95 182)
Gains on Other Operations	(14 125)		(7 066)
Profit on Sale of Land	-		54 351
<b>Expenditure</b>			
Employee Related Costs	2 280 933		1 957 184
Remuneration of Councillors	(310 436)		(33 347)
Depreciation and Amortisation	15 355 045		36 137 770
Impairment Losses	33 536 524		63 446 896
Repairs and Maintenance	(1 267 707)		(3 271 093)
Finance Costs	8 130 454		5 603 887
Bulk Purchases	(5 648 967)		(4 567 979)
Contracted Services	5 470 649		(47 527)
Grants and Subsidies Paid	692 854		(213 485)
General Expenses	(40 182)		(39 235 427)
<b>Net surplus/deficit per approved budget</b>	<b>(37 464 971)</b>		<b>(7 334 677)</b>

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

##### **1.1 Changes in Accounting Policy and Comparability**

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2015 and 30 June 2016 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

##### **1.2 Critical Judgements, Estimations and Assumptions**

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

##### **1.2.1 Revenue Recognition**

Accounting Policy 9.2 on Revenue from Exchange Transactions and Accounting Policy 9.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

##### **1.2.2 Financial Assets and Liabilities**

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 7.1 on Financial Assets Classification and Accounting Policy 7.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).



## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.2.3 Impairment of Financial Assets

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3 and 4 to the Annual Financial Statements.

#### 1.2.4 Fair Value Estimations

As described in Accounting Policies 5.2, the municipality subsequently measures its Investment Property in terms of the *Fair Value Model*.

- **Investment Property** is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

#### 1.2.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 2.3, 3.2 and 4.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

#### 1.2.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 8.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Heritage Assets and Inventory are disclosed in Notes 2, 8, 9, 10 and 11 to the Annual Financial Statements, if applicable.

#### 1.2.7 Water Inventory

The estimation of the Water Inventory in reservoirs is based on actual dip readings, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 8.2.2.

#### 1.2.8 Defined Benefit Plan Liabilities

As described in Accounting Policy 11.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.2.9 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

##### Provision for Rehabilitation of Refuse Landfill Sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been discounted to the net present value at 9.38%.

#### 1.2.10 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

#### 1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

#### 1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis*.

#### 1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

#### 1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued February 2011.
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor - issued August 2013.
- GRAP 108 Statutory Receivables - issued September 2013
- IGRAP 17 Service Concession Arrangements where a Grantor controls a significant Residual Interest in an Asset - issued August 2013.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 2. PROPERTY, PLANT AND EQUIPMENT

##### **2.1 Initial Recognition**

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

##### **2.2 Subsequent Measurement**

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	5 - 80	Buildings	10 - 40
Car Parks, Bus Terminals and Taxi	10 - 30	Motor Vehicles	3 - 15
Electricity	3 - 60	Abattoirs	30
Water	10 - 60	Office Equipment	3 - 20
Sewerage	10 - 60	Furniture and Fittings	3 - 15
Street lights	15 - 40	Airports	20
Housing	10 - 40	Security Measures	3 - 5
Landfill Sites	20 - 30	Plant and Equipment	2 - 15
<b>Community</b>		Other Plant and Equipment	2 - 30
Improvements	30	Markets	30
Recreational Facilities	5 - 40	Computer Equipment	5 - 10
Museums and Art Galleries	5 - 40	Library books	3 - 15

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

#### 2.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

#### 2.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

#### 2.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

#### 2.7 Leased Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

#### 2.8 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 3. INTANGIBLE ASSETS

##### 3.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

- (a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
- (b) Management intends to complete the Intangible Asset and use or sell it;
- (c) There is an ability to use or sell the Intangible Asset;
- (d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
- (f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

##### 3.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software	5			

Intangible Assets are annually tested for impairment as described in Accounting Policy 7 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

##### 3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 4. INVESTMENT PROPERTY

##### 4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost including transaction costs once it meets the definition of Investment Property. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

- (a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- (b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- (c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- (d) A property owned by the municipality and leased out at a below market rental; and
- (e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- (a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
- (b) Property being constructed or developed on behalf of third parties;
- (c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- (d) Property that is leased to another entity under a finance lease;
- (e) Property held to provide goods and services and also generates cash inflows; and
- (f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

##### 4.2 Subsequent Measurement

###### Fair Value Model:

Investment Property is measured using the *Fair Value Model*. Investment Property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset, if necessary. A gain or loss arising from a change in the fair value of Investment Property is included in the Statement of Financial Performance for the period in which it arises.

If the municipality determines that the fair value of an Investment Property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that Investment Property at cost until the fair value can be reliably determined or construction has been completed.

Where the municipality has determined that the fair value of an Investment Property (other than Investment Property under construction) is not determinable on a continuing basis, the municipality measures that Investment Property using the cost model (as per the Accounting Policy for Property, Plant and Equipment).

##### 4.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 5. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

##### **5.1 Initial Recognition**

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

##### **5.2 Subsequent Measurement**

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

##### **5.3 Derecognition**

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 6. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

##### 6.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

##### 6.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.



## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 7. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

##### Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

##### The Effective Interest Rate Method

The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

##### Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

#### 7.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.
- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:
  - (i) Derivatives;
  - (ii) Combined instruments that are designated at fair value;
  - (iii) Instruments held for trading;
  - (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.
- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Non-current Investments	Financial Assets at Fair Value
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 7.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- (i) Financial Liabilities measured at Fair Value;
- (ii) Financial Liabilities measured at Amortised Cost; or
- (iii) Financial Liabilities measured at Cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Liabilities	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

**Financial Liabilities that are measured at Fair Value** are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

#### 7.3 Initial and Subsequent Measurement

##### 7.3.1 Financial Assets:

##### **Financial Assets measured at Amortised Cost**

*Financial Assets at Amortised Cost* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

*Trade and Other Receivables* (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

##### **Financial Assets measured at Fair Value**

*Financial Assets at Fair Value* are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

##### 7.3.2 Financial Liabilities:

##### **Financial Liabilities measured at Fair Value**

*Financial Liabilities at Fair Value* are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

##### **Financial Liabilities held at Amortised Cost**

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

#### 7.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 7.4.1 Financial Assets at Amortised Cost

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value excluding transaction costs, and subsequently carried at amortised cost using the *Effective Interest Rate Method*. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

#### 7.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

#### 7.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

#### 7.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 8. INVENTORIES

##### 8.1 Initial Recognition

Inventories comprise of current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

##### 8.2 Subsequent Measurement

###### 8.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the *FIFO* cost of commodities.

###### 8.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *FIFO Method*, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

###### 8.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a *Weighted Average Cost Basis*. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

###### 8.2.4 Other Arrangements

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 9. REVENUE RECOGNITION

##### 9.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

*Revenue from Exchange Transactions* refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

*Revenue from Non-exchange Transactions* refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

##### 9.2 Revenue from Exchange Transactions

###### 9.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

###### 9.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

###### 9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

###### 9.2.4 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

###### 9.2.5 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 9.2.6 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

#### 9.2.7 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

#### 9.2.8 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 9.3 Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

#### 9.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

#### 9.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable, considering the allowance in terms of IGRAP 1 to use estimates to determine the amount of revenue that the municipality is entitled to collect.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

#### 9.3.3 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

#### 9.3.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 10. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

##### **10.1 Provision for Environmental Rehabilitation**

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

#### 11. EMPLOYEE BENEFIT LIABILITIES

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

##### **11.1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

##### **11.2 Post-employment Benefits**

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

###### **11.2.1 Defined Contribution Plans**

A **Defined Contribution Plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 11.2.2 Defined Benefit Plans

A **Defined Benefit Plan** is a post-employment benefit plan other than a defined contribution plan.

##### **Post-retirement Health Care Benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

##### **Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

##### **Provincially-administered Defined Benefit Plans**

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the *Projected Unit Credit Method* basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

##### **Defined Benefit Pension Plans**

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.



## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 12. LEASES

##### 12.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

##### 12.2 The Municipality as Lessee

###### 12.2.1 Finance Leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

###### 12.2.2 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### 12.3 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

##### 12.4 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

#### 13. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 14. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

#### 15. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 16. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 18. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the *First-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

#### 19. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

**Changes in Accounting Policies** that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

**Changes in Accounting Estimates** are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

**Correction of Errors** is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

#### 20. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

**Contingent Liabilities** represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**Contingent Assets** represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

#### 22. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

#### 23. RELATED PARTIES

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### 24. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

#### 25. COMPARATIVE INFORMATION

##### 25.1 Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

##### 25.2 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

##### 25.3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2015 to 30 June 2016.

## VENTERSDORP LOCAL MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 26. MERGERS

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

The assets and liabilities that qualify for recognition by the combined entity or transfer and derecognition by the combining entities in a merger are normally governed by the terms and conditions of the binding arrangement. Such assets and liabilities must be part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

##### **26.1 Initial Recognition**

As of the merger date, all the assets acquired and liabilities assumed are recognised and measured at their carrying amounts.

The difference between the carrying amounts of the assets acquired and the liabilities assumed and any adjustments required to the basis of accounting, shall be recognised in accumulated surplus or deficit.

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, a provisional amount is recorded in the financial statements for the items for which the accounting is incomplete. During the measurement period, the provisional amounts recognised are adjusted retrospectively at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the combined entity receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. The measurement period shall not exceed two years from the merger date.

##### **26.2 Subsequent Measurement**

Any assets acquired and any liabilities assumed in a merger are subsequently measured in accordance with the applicable Standards of GRAP.

At the transfer date, the assets acquired and liabilities assumed shall be classified or designated as necessary in order to apply other Standards of GRAP subsequently. Those classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date.

#### 27. CONSUMER DEPOSITS

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held. Consumer deposits are held in the municipality's primary bank account and available for immediate release.

**Classification in terms of GRAP 104:**

Financial liability at fair value

**Financial Liabilities measured at fair value**

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

##### **Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**1. GENERAL INFORMATION**

Ventersdorp Local Municipality (the municipality) is a local government institution in Ventersdorp, North West Province, and is one of four local municipalities under the jurisdiction of the Dr Kenneth Kaunda District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

**2. INVENTORIES**

Consumable Stores	646 190	865 509
Property Stock	2 294 800	2 294 800
Water - at cost	1 805	3 054
<b>Total Inventories</b>	<b><u>2 942 796</u></b>	<b><u>3 163 363</u></b>

The **prior year amount** for *Inventory* has been restated for the recognition of Water Inventory held by the municipality in terms of GRAP 12. Refer to Note 43 on "Correction of errors" for details of the restatement.

The cost of water production for the year amounted to R 0.33 per kilolitre (2015: R 0.46 per kilolitre).

The cost of Inventories recognised as an expense during the year amounted to R 1,120,291 (2015: R 909,591).

General Expenses in the Statement of Financial Performance include R 53,105.20 in respect of write-downs of inventory to net realisable value.

No Inventories have been pledged as collateral for Liabilities of the municipality.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R	
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS			
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2016			
Service Debtors:	67 830 706	53 783 663	14 047 043
Electricity	29 949 928	20 610 613	9 339 315
Refuse	11 140 579	10 057 617	1 082 962
Sewerage	15 847 694	13 309 191	2 538 503
Water	10 892 506	9 806 241	1 086 264
Other Receivables	7 302 612	6 325 180	977 432
Property Rentals	66 488	-	66 488
Contour: Pre-paid electricity sales	71 250	-	71 250
Suspense Accounts	21 047		21 047
Other Debtors	7 143 827	6 325 180	818 647
Total Receivables from Exchange Transactions	75 133 318	60 108 843	15 024 475
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2015			
Service Debtors:	54 519 978	40 573 447	13 946 531
Electricity	25 350 818	15 167 769	10 183 050
Refuse	8 803 679	7 950 074	853 605
Sewerage	12 612 762	10 468 076	2 144 686
Water	7 752 718	6 987 528	765 190
Other Receivables	8 057 288	6 650 445	1 406 842
Property Rentals	21 204	-	21 204
Contour: Pre-paid electricity sales	937 449	-	937 449
Suspense Accounts	625		625
Other Debtors	7 098 010	6 650 445	447 565
Total Receivables from Exchange Transactions	62 577 266	47 223 892	15 353 373

The **prior year amount** for *Receivables from Exchange Transactions* has been restated due to re-allocation of suspense accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Exchange Transactions* has been restated to account for debtors for property rentals as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Exchange Transactions* has been restated due to the adjustment of debt impairment which was under provided for in the 2014/15 financial year. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

Receivables from Exchange Transactions are billed monthly, latest end of month.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2016, the municipality is owed R11 020 645 (30 June 2015: R9 667 183) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2016**

	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Electricity:</b>					
Gross Balances	3 118 499	1 913 434	2 048 000	22 869 995	29 949 928
Less: Provision for Impairment	1 572 307	737 531	1 119 679	17 181 096	20 610 613
<b>Net Balances</b>	<b>1 546 192</b>	<b>1 175 903</b>	<b>928 320</b>	<b>5 688 899</b>	<b>9 339 315</b>
<b>Refuse:</b>					
Gross Balances	298 537	265 886	309 181	10 266 974	11 140 579
Less: Provision for Impairment	221 355	212 985	210 900	9 412 378	10 057 617
<b>Net Balances</b>	<b>77 183</b>	<b>52 901</b>	<b>98 282</b>	<b>854 596</b>	<b>1 082 962</b>
<b>Sewerage:</b>					
Gross Balances	466 928	414 327	746 358	14 220 080	15 847 694
Less: Provision for Impairment	306 811	295 868	291 001	12 415 512	13 309 191
<b>Net Balances</b>	<b>160 118</b>	<b>118 459</b>	<b>455 357</b>	<b>1 804 569</b>	<b>2 538 503</b>
<b>Water:</b>					
Gross Balances	450 464	398 818	362 037	9 681 187	10 892 506
Less: Provision for Impairment	356 727	334 825	310 376	8 804 314	9 806 241
<b>Net Balances</b>	<b>93 737</b>	<b>63 994</b>	<b>51 661</b>	<b>876 872</b>	<b>1 086 264</b>
<b>Other Receivables:</b>					
Gross Balances	30 151	1 383	27 981	7 084 312	7 143 827
Less: Provision for Impairment	16 306	-	-	6 308 874	6 325 180
<b>Net Balances</b>	<b>13 845</b>	<b>1 383</b>	<b>27 981</b>	<b>775 438</b>	<b>818 647</b>

As at 30 June Receivables of R12 974 616 were past due but not impaired. The age analysis of these Receivables are as follows:

	<b>Past Due</b>			<b>Total</b>
	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>				
Gross Balances	2 993 849	3 493 557	64 122 548	70 609 954
Less: Provision for Impairment	1 581 208	1 931 956	54 122 174	57 635 338
<b>Net Balances</b>	<b>1 412 641</b>	<b>1 561 601</b>	<b>10 000 374</b>	<b>12 974 616</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

2016  
R

2015  
R

As at 30 June 2015

	Current 0 - 30 days	Past Due 31 - 60 Days    61 - 90 Days    + 90 Days			Total
<b>Electricity:</b>					
Gross Balances	3 965 444	2 893 155	999 806	18 064 173	25 922 578
Less: Provision for Impairment	1 685 878	836 872	605 999	12 039 019	15 167 769
<b>Net Balances</b>	<b>2 279 566</b>	<b>2 056 282</b>	<b>393 807</b>	<b>6 025 154</b>	<b>10 754 809</b>
<b>Refuse:</b>					
Gross Balances	263 658	236 586	220 510	8 089 830	8 810 584
Less: Provision for Impairment	191 361	188 872	185 653	7 384 188	7 950 074
<b>Net Balances</b>	<b>72 298</b>	<b>47 714</b>	<b>34 856</b>	<b>705 642</b>	<b>860 511</b>
<b>Sewerage:</b>					
Gross Balances	410 988	382 404	334 849	11 496 134	12 624 376
Less: Provision for Impairment	256 866	257 719	247 933	9 705 559	10 468 076
<b>Net Balances</b>	<b>154 122</b>	<b>124 685</b>	<b>86 917</b>	<b>1 790 575</b>	<b>2 156 299</b>
<b>Water:</b>					
Gross Balances	439 599	240 366	295 688	6 784 787	7 760 440
Less: Provision for Impairment	366 162	177 024	247 496	6 196 846	6 987 528
<b>Net Balances</b>	<b>73 437</b>	<b>63 342</b>	<b>48 192</b>	<b>587 940</b>	<b>772 912</b>
<b>Other Receivables:</b>					
Gross Balances	8 141	2 642	1 302	7 224 503	7 236 587
Less: Provision for Impairment	1 033	321	1 302	6 647 789	6 650 445
<b>Net Balances</b>	<b>7 108</b>	<b>2 321</b>	<b>-</b>	<b>576 713</b>	<b>586 142</b>

As at 30 June Receivables of R12 544 142 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due 31 - 60 Days    61 - 90 Days    + 90 Days			Total
<b>All Receivables:</b>				
Gross Balances	3 755 153	1 852 155	51 659 426	57 266 734
Less: Provision for Impairment	1 460 808	1 288 383	41 973 401	44 722 592
<b>Net Balances</b>	<b>2 294 345</b>	<b>563 772</b>	<b>9 686 024</b>	<b>12 544 142</b>

**3.2 Summary of Receivables from Exchange Transactions by Customer Classification**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2016</b>				
<u>Current:</u>				
0 - 30 days	1 592 115	646 761	466 708	1 658 996
<u>Past Due:</u>				
31 - 60 Days	1 161 990	462 680	303 588	1 065 591
61 - 90 Days	1 519 125	384 934	1 063 748	525 749
+ 90 Days	39 885 370	7 857 983	3 980 707	12 398 488
Sub-total	44 158 599	9 352 358	5 814 752	15 648 825
Less: Provision for Impairment	40 153 650	7 951 584	-	12 003 610
<b>Total Trade Receivables by Customer Classification</b>	<b>4 004 950</b>	<b>1 400 774</b>	<b>5 814 752</b>	<b>3 645 215</b>

\* The summary of receivables per customer classification is obtained from the Venus debtor's subledger (Age Analysis - BP61601) and do not include, debtors for property rentals, Contour-prepaid electricity sales and Suspense accounts.



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

			2016 R	2015 R
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
<b>As at 30 June 2015</b>				
<u>Current:</u>				
0 - 30 days	1 555 204	1 222 312	629 613	1 680 702
<u>Past Due:</u>				
31 - 60 Days	742 248	634 865	1 738 187	639 854
61 - 90 Days	732 906	220 992	207 476	690 781
+ 90 Days	22 974 338	7 080 847	4 901 339	16 702 902
Sub-total	26 004 695	9 159 016	7 476 615	19 714 239
Less: Provision for Impairment	23 487 308	7 811 824	-	15 924 760
<b>Total Trade Receivables by Customer Classification</b>	<b>2 517 387</b>	<b>1 347 192</b>	<b>7 476 615</b>	<b>3 789 479</b>

\* The summary of receivables per customer classification is obtained from the Venus debtor's subledger (Age Analysis - BP61601) and do not include, debtors for property rentals, Contour-prepaid electricity sales and Suspense accounts.

	2016 R	2015 R
<b>3.3 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	47 223 892	12 166 472
Impairment Losses recognised	12 884 951	35 057 420
<b>Balance at end of year</b>	<b>60 108 843</b>	<b>47 223 892</b>

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

**3.4 Ageing of impaired Receivables from Exchange Transactions**

<u>Current:</u>		
0 - 30 Days	2 473 505	2 501 300
<u>Past Due:</u>		
31 - 60 Days	1 581 208	1 460 808
61 - 90 Days	1 931 956	1 288 383
+ 90 Days	54 122 174	41 973 401
<b>Total</b>	<b>60 108 843</b>	<b>47 223 892</b>

**3.5 Derecognition of Financial Assets**

No Financial Assets have been transferred to other parties during the year.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>
		<b>Net Balances R</b>
<b>As at 30 June 2016</b>		
Assessment Rates Debtors	17 269 519	10 544 950
Department of Community Safety & Transport Management - Commission on licence fees	830 649	-
Eskom Deposits	3 590 256	-
Traffic Fines	82 598 791	74 727 537
Sundry debtors	11 089	-
<b>Total Receivables from Non-exchange Transactions</b>	<b>104 300 303</b>	<b>85 272 487</b>
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>
		<b>Net Balances R</b>
<b>As at 30 June 2015</b>		
Assessment Rates Debtors	33 702 373	7 581 054
Grant Expenditure Recoverable	14 843 000	-
Eskom Deposits	3 366 779	-
Traffic Fines	45 176 281	39 039 860
<b>Total Receivables from Non-exchange Transactions</b>	<b>97 088 433</b>	<b>46 620 914</b>

The **prior year amount** for *Receivables from Non-exchange Transactions* has been restated to account for a provision for impairment on Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Non-exchange Transactions* has been restated due to the adjustment of debt impairment on assessment rates debtors which was under provided for in the 2014/15 financial year. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Non-Exchange Transactions* has been restated due to re-allocation of suspense accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Receivables from Non-Exchange Transactions* has been restated due to the retrospective correction of rates on Government and other accounts in 2016 affecting assessment rates debtors as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

**Sundry Deposits** are in respect of cash deposits made to Eskom for the supply of electricity.

**Sundry Debtors** are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratios of Other Debtors were also taken into account for fair value determination.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**4.1 Ageing of Receivables from Non-exchange Transactions**

**As at 30 June 2016**

	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>Assessment Rates:</b>					
Gross Balances	902 904	2 385 479	728 280	13 252 855	17 269 519
Less: Provision for Impairment	393 895	517 643	356 572	9 276 840	10 544 950
<b>Net Balances</b>	<b>509 010</b>	<b>1 867 836</b>	<b>371 709</b>	<b>3 976 015</b>	<b>6 724 569</b>
<b>Sundry Deposits:</b>					
Gross Balances	3 590 256	-	-	-	3 590 256
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>3 590 256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 590 256</b>
<b>Sundry Debtors:</b>					
Gross Balances	83 440 529	-	-	-	83 440 529
Less: Provision for Impairment	74 727 537	-	-	-	74 727 537
<b>Net Balances</b>	<b>8 712 992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 712 992</b>

\* Sundry debtors include the following: Commission on License fees, Traffic Fines and Sundry debtors.

As at 30 June Receivables of R6 215 559 were past due but not impaired. The age analysis of these Receivables are as follows:

	<b>Past Due</b>			<b>Total</b>
	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
<b>All Receivables:</b>				
Gross Balances	2 385 479	728 280	13 252 855	16 366 615
Less: Provision for Impairment	517 643	356 572	9 276 840	10 151 055
<b>Net Balances</b>	<b>1 867 836</b>	<b>371 709</b>	<b>3 976 015</b>	<b>6 215 559</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**As at 30 June 2015**

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

**Assessment Rates:**

Gross Balances	752 653	649 790	593 445	8 682 866	10 678 753
Rates correction in 2016	142 858	142 858	142 858	22 593 329	23 021 905
Less: Provision for Impairment	386 925	381 592	363 797	6 448 739	7 581 054
<b>Net Balances</b>	<b>508 586</b>	<b>411 056</b>	<b>372 506</b>	<b>24 827 456</b>	<b>26 119 604</b>

**Grant Expenditure Recoverable:**

Gross Balances	14 843 000	-	-	-	14 843 000
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>14 843 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 843 000</b>

**Sundry Deposits:**

Gross Balances	3 366 779	-	-	-	3 366 779
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>3 366 779</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 366 779</b>

**Sundry Debtors:**

Gross Balances	45 176 281	-	-	-	45 176 281
Less: Provision for Impairment	39 039 860	-	-	-	39 039 860
<b>Net Balances</b>	<b>6 136 421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 136 421</b>

As at 30 June Receivables of R25 611 018 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	649 790	593 445	8 682 866	9 926 101
Rates correction in 2016	142 858	142 858	22 593 329	22 879 046
Less: Provision for Impairment	381 592	363 797	6 448 739	7 194 129
<b>Net Balances</b>	<b>411 056</b>	<b>372 506</b>	<b>24 827 456</b>	<b>25 611 018</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**                      **2015**  
**R**

**4.2 Summary of Assessment Rates Debtors by Customer Classification**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2016</b>				
<u>Current:</u>				
0 - 30 days	201 998	131 805	255 647	313 454
<u>Past Due:</u>				
31 - 60 Days	200 246	105 256	1 665 163	414 814
61 - 90 Days	116 056	75 258	257 741	279 226
+ 90 Days	3 953 535	1 008 042	3 027 343	5 263 935
Sub-total	4 471 835	1 320 361	5 205 893	6 271 430
Less: Provision for Impairment	3 825 188	746 071	-	5 973 691
<b>Total Rates Debtors by Customer Classification</b>	<b>646 646</b>	<b>574 290</b>	<b>5 205 893</b>	<b>297 739</b>

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2015</b>				
<u>Current:</u>				
0 - 30 days	195 476	136 745	157 190	263 242
<u>Past Due:</u>				
31 - 60 Days	139 082	98 604	156 073	256 031
61 - 90 Days	112 749	79 950	153 987	246 758
+ 90 Days	2 499 055	854 203	1 723 318	3 606 291
Sub-total	2 946 362	1 169 503	2 190 568	4 372 321
Rates correction in 2016	-	-	22 461 636	560 269
Less: Provision for Impairment	2 547 836	765 490	-	4 267 728
<b>Total Rates Debtors by Customer Classification</b>	<b>398 525</b>	<b>404 013</b>	<b>24 652 204</b>	<b>664 862</b>

**2016**  
**R**                      **2015**  
**R**

**4.3 Reconciliation of Provision for Impairment**

Balance at beginning of year	46 620 914	15 231 438
Impairment Losses recognised	38 651 573	31 389 476
<b>Balance at end of year</b>	<b>85 272 487</b>	<b>46 620 914</b>

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors and receivables from traffic fines as the management is of the opinion that all Receivables are recoverable within normal credit terms.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>5. VAT RECEIVABLE</b>		
Vat Receivable	<u>5 820 555</u>	<u>11 659 460</u>

The **prior year amount** for *VAT Receivable* has been restated due to the correction of VAT over claimed during the period June 2012 to June 2014 as per SARS audit. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *VAT Receivable* has been restated due to the recognition of VAT on rent receivable as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**6. CASH AND CASH EQUIVALENTS**

Current Investments	3 205 040	24 028
Bank Accounts	683 907	48 947
Bank Overdraft	-	(33 856)
Cash and Cash Equivalents	640	3 640
<b>Total Bank, Cash and Cash Equivalents</b>	<u><b>3 889 586</b></u>	<u><b>42 759</b></u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**6.1 Current Investment Deposits**

Call Deposits	3 205 040	24 028
<b>Total Current Investment Deposits</b>	<u><b>3 205 040</b></u>	<u><b>24 028</b></u>

**Call Deposits** are investments with a maturity period of less than 3 months and earn interest at 6.5% per annum.

Deposits attributable to Unspent Conditional Grants	563 366	24 028
Deposits attributable to Creditors	2 641 674	-
<b>Total Deposits attributable to Commitments of the Municipality</b>	<u><b>3 205 040</b></u>	<u><b>24 028</b></u>

**6.2 Bank Accounts**

Cash in Bank	683 907	48 947
Bank Overdraft	-	(33 856)
<b>Total Bank Accounts</b>	<u><b>683 907</b></u>	<u><b>15 091</b></u>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

The Municipality has the following bank accounts:

**Primary Bank Account**

*ABSA Bank - Ventersdorp - Account Number 22 5000 0017:*

Cash book balance at beginning of year	27 810	10 090
Cash book balance at end of year	<u>110 107</u>	<u>27 810</u>

Bank statement balance at beginning of year	29 015	10 969
Bank statement balance at end of year	<u>110 107</u>	<u>29 015</u>

*First National Bank - Ventersdorp - Account Number 624 1324 6241:*

Cash book balance at beginning of year	(33 856)	(8 955 841)
Cash book balance at end of year	<u>447 080</u>	<u>(33 856)</u>

Bank statement balance at beginning of year	539 189	951 502
Bank statement balance at end of year	<u>375 900</u>	<u>539 189</u>

**Fines Account**

*First National Bank - Ventersdorp - Account Number 624 1345 4133:*

Cash book balance at beginning of year	19 967	105 622
Cash book balance at end of year	<u>115 064</u>	<u>19 967</u>

Bank statement balance at beginning of year	19 967	105 622
Bank statement balance at end of year	<u>115 064</u>	<u>19 967</u>

**TMT Account**

*ABSA Bank - Ventersdorp - Account Number 91 1105 1672:*

Cash book balance at beginning of year	1 171	2 500
Cash book balance at end of year	<u>11 657</u>	<u>1 171</u>

Bank statement balance at beginning of year	1 171	2 500
Bank statement balance at end of year	<u>11 657</u>	<u>1 171</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

**6.3 Cash and Cash Equivalents**

Cash Floats and Advances	640	3 640
--------------------------	-----	-------

<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><b>640</b></u>	<u><b>3 640</b></u>
--	-------------------	---------------------

The **prior year amount** for Cash and cash equivalents has been restated to disclose the prior year bank overdraft as a current liability. Refer to Note 43 on "Correction of Error" for details of the restatement.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**7. OPERATING LEASE RECEIVABLES**

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	10 775	6 759
	1 144	4 016
Operating Lease Revenue recorded	48 227	46 567
Operating Lease Revenue effected	(47 083)	(42 551)
<b>Total Operating Lease Receivables</b>	<b>11 919</b>	<b>10 775</b>

The **prior year amount for Operating Lease Receivables** has been restated to correctly disclose the amount for Operating Lease Receivables in terms of the Lease Register. Refer to Note 43 on "Correction of Error" for details of the restatement.

**7.1 Leasing Arrangements**

**The Municipality as Lessor:**

Operating Leases relate to Property owned by the municipality with lease terms of between 0.5 to 10 (2015: 3 to 10) years, with an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

**7.2 Amounts receivable under Operating Leases**

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	36 499	41 083
2 to 5 years	84 293	102 768
More than 5 years	10 859	28 884
<b>Total Operating Lease Arrangements</b>	<b>131 652</b>	<b>172 735</b>

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R 1,144 (2015: increase of R 4,015) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8 PROPERTY, PLANT AND EQUIPMENT**

**30 June 2016**

**Reconciliation of Carrying Value**

Description	Buildings	Land	Infra-structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2015</b>	<b>29 871 863</b>	<b>8 547 228</b>	<b>563 073 011</b>	<b>31 019 813</b>	<b>10 053 506</b>	<b>642 565 421</b>
Cost	63 000 857	8 547 228	1 034 035 193	40 120 469	16 053 359	1 161 757 106
- Completed Assets	63 000 857	8 547 228	1 030 702 831	39 613 144	16 053 359	1 157 917 419
- Under Construction	-	-	3 332 362	507 325	-	3 839 687
Accumulated Depreciation:	(33 128 994)	-	(470 962 182)	(9 100 656)	(5 999 853)	(519 191 685)
Acquisitions	78 263	-	15 646 442	553 760	4 786 318	21 064 782
Capital under Construction	-	-	31 056 455	1 823 312	-	32 879 767
Depreciation:	(1 372 304)	-	(38 581 157)	(999 573)	(1 402 011)	(42 355 045)
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	(300 000)	(300 000)
- Accumulated Depreciation	-	-	-	-	300 000	300 000
<b>Carrying values at 30 June 2016</b>	<b>28 577 821</b>	<b>8 547 228</b>	<b>571 194 750</b>	<b>32 397 312</b>	<b>13 437 813</b>	<b>654 154 925</b>
Cost	63 079 120	8 547 228	1 080 738 089	42 497 541	20 539 676	1 215 401 655
- Completed Assets	63 079 120	8 547 228	1 046 349 272	40 166 903	20 539 676	1 178 682 200
- Under Construction	-	-	34 388 817	2 330 638	-	36 719 455
Accumulated Depreciation:	(34 501 298)	-	(509 543 339)	(10 100 229)	(7 101 863)	(561 246 730)

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**30 June 2015**

**Reconciliation of Carrying Value**

Description	Buildings	Land	Infra-structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2014</b>	<b>31 188 706</b>	<b>8 547 228</b>	<b>583 430 617</b>	<b>22 038 425</b>	<b>11 221 753</b>	<b>656 426 730</b>
Cost	62 949 152	8 547 228	1 017 619 555	30 158 257	16 006 454	1 135 280 645
- Completed Assets	62 949 152	8 547 228	1 016 850 383	29 650 932	16 006 454	1 134 004 149
- Under Construction	-	-	769 171	507 325	-	1 276 496
Accumulated Depreciation:	(31 760 446)	-	(434 188 937)	(8 119 832)	(4 784 701)	(478 853 916)
Acquisitions	51 705	-	13 852 447	9 962 212	46 905	23 913 270
Capital under Construction	-	-	2 563 191	-	-	2 563 191
Depreciation:	(1 368 548)	-	(36 773 245)	(980 825)	(1 215 152)	(40 337 769)
<b>Carrying values at 30 June 2015</b>	<b>29 871 863</b>	<b>8 547 228</b>	<b>563 073 011</b>	<b>31 019 813</b>	<b>10 053 506</b>	<b>642 565 421</b>
Cost	63 000 857	8 547 228	1 034 035 193	40 120 469	16 053 359	1 161 757 106
- Completed Assets	63 000 857	8 547 228	1 030 702 831	39 613 144	16 053 359	1 157 917 419
- Under Construction	-	-	3 332 362	507 325	-	3 839 687
Accumulated Depreciation:	(33 128 994)	-	(470 962 182)	(9 100 656)	(5 999 853)	(519 191 685)

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8 PROPERTY, PLANT AND EQUIPMENT (Continued)**

The **prior year amount** for *Property, Plant and Equipment* has been restated. Refer to Note 43 on "Correction of Error" for details of the restatement.

**8.1 Assets pledged as security**

The municipality did not pledge any of its assets as security.

**8.2 Impairment of Property, Plant and Equipment**

Impairment of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculations during the exercise. The amounts for impairment were not calculated separately and therefore no impairment values are disclosed.

**8.3 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed**

The Remaining Useful Life of Property, Plant and Equipment was taken into consideration by the consultants, Ducharme Consulting (Pty) Ltd, during the process of identifying Property, Plant and Equipment and was included in the Depreciated Replacement Cost calculations during the exercise.

**8.4 Property, Plant and Equipment (Work In Progress):**

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

Work in progress for the year ended 30 June consisted of the following:

	2016 R	2015 R
Roads	14 914 667	-
Electricity	5 529 757	2 563 191
Sewer	8 103 555	6 491 363
Water	12 123 701	560 671
Community Halls	2 330 638	507 325
Balance at end of the year	<b>43 002 318</b>	<b>10 122 550</b>

**9 INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

<b>66 908</b>	<b>66 908</b>
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The movement in Intangible Assets is reconciled as follows:

**Carrying values at 01 July 2015**

Cost	66 908
Accumulated Amortisation	-

**Carrying values at 30 June 2016**

Cost	66 908
Accumulated Amortisation	-

**Carrying values at 01 July 2014**

Cost	66 908
Accumulated Amortisation	-

**Carrying values at 30 June 2015**

Cost	66 908
Accumulated Amortisation	-

The **prior year amount** for *Intangible Assets* has been restated. Refer to Note 43 on "Correction of Error" for details of the restatement.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

The municipality's Intangible Assets have indefinite useful lives and are therefore not amortised.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**10 INVESTMENT PROPERTY**

At Fair Value	<u><u>31 552 603</u></u>	<u><u>31 552 603</u></u>
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The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July</b>	<b>31 552 603</b>	<b>31 558 954</b>
Fair Value	<u>31 552 603</u>	<u>31 558 954</u>
Acquisitions during the Year	-	-
Disposals during the Year:	-	(6 351)
<b>Carrying values at 30 June</b>	<b>31 552 603</b>	<b>31 552 603</b>
Fair Value	<u>31 552 603</u>	<u>31 552 603</u>

The prior year amount for *Investment Property* has been restated to correctly disclose the properties held as Investment Property in terms of GRAP 16. Refer to Note 43 on "Correction of Error" for details of the restatement.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

The municipality's Investment Properties were valued as at 30 June 2016, at fair value, by an independent, professionally qualified valuer, Mr DB Grobler. Investment Property will be valued annually if there are material increases or decreases in active market prices. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties.

**11 HERITAGE ASSETS**

At Cost less Accumulated Impairment Losses	<u><u>8 428 759</u></u>	<u><u>8 428 759</u></u>
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The movement in Heritage Assets is reconciled as follows:

<b>Carrying values at 01 July 2015</b>		<b>8 428 759</b>
Cost		<u>8 428 759</u>
Accumulated Impairment		-
Acquisitions		-
<b>Carrying values at 30 June 2016</b>		<b>8 428 759</b>
Cost		<u>8 428 759</u>
Accumulated Impairment Losses		-
		<b>Total</b>
<b>Carrying values at 01 July 2014</b>		<b>8 348 161</b>
Cost		<u>8 348 161</u>
Accumulated Impairment		-
Acquisitions		80 598
<b>Carrying values at 30 June 2015</b>		<b>8 428 759</b>
Cost		<u>8 428 759</u>
Accumulated Impairment Losses		-

*Heritage Assets* have been restated to account for Heritage Assets in terms of GRAP 103. Refer to Note 43 on "Correction of Error" for details of the restatement.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

The municipality's Heritage Assets were valued as at 30 June 2013 by an independent, professionally qualified valuer, Mr DB Grobler.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**12 NON-CURRENT INVESTMENTS**

**Designated at fair value**

Listed Investments - Shares	65 368	70 830
Unit Trusts - Old Mutual Investment Plan	148 751	139 679
<b>Total Non-current Investments</b>	<b>214 119</b>	<b>210 509</b>

Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates. Unit trusts are portfolios of stock exchange securities in which investors can buy units. Listed shares and unit trusts are measured at fair value using quoted market prices.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**13 CONSUMER DEPOSITS**

Electricity and water	1 282 783	1 280 315
<b>Total Consumer Deposits</b>	<b>1 282 783</b>	<b>1 280 315</b>

No guarantees are held in lieu of consumer deposits.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

**14 PROVISIONS**

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 19)	327 215	425 823
Current Portion of Long-term Service Liability (See Note 19)	330 556	178 935
<b>Total Provisions</b>	<b>657 771</b>	<b>604 758</b>

The **prior year amount** for *Current Provisions* has been restated due to the recognition of the current portion of Post Employment Medical Aid and Long-term Service liability as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**15 PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Creditors	101 203 260	98 439 494
Retentions	6 721 567	4 970 670
Other Creditors	1 907 531	1 771 825
Payments Received In Advance	5 742 387	4 343 325
Staff Bonuses	821 446	729 155
Staff Leave	4 881 892	4 380 774
Suspense Accounts	97 718	1 776 115
<b>Total Payables</b>	<b>121 375 801</b>	<b>116 411 358</b>

The **prior year amount** for *Payables from Exchange Transactions* has been restated due to re-allocation of accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Exchange Transactions* has been restated to account for payments received in advance and creditors which existed as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Exchange Transactions* has been restated to correctly classify amounts held for Staff Leave accrued erroneously calculated in the previous financial year. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Exchange Transactions* has been restated to account for Staff Bonuses which was not calculated in the previous financial year. Refer to Note 43 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

**Staff Bonuses** accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

**Staff Leave** accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**16 PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Sundry Deposits	10 692	11 059
Department of Community Safety & Transport Management - Commission on licence fees	0	151 004
<b>Total Payables</b>	<b>10 692</b>	<b>162 063</b>

The **prior year amount** for *Payables from Exchange Transactions* has been restated due to re-allocation of accounts. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Payables from Non-exchange Transactions* has been restated due to the correction of the balance payable to the Department of Community Safety and Transport Management as at 30 June 2014. Refer to Note 43 on "Correction of Error" for details of the restatement.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

**17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**17.1 Conditional Grants from Government**

**National Government Grants:**

National: Finance Management Grant (FMG)	-	863 682
National: Municipal Infrastructure Grant (MIG)	(0)	5 371 314
National: Project Management Unit Grant (PMU)	-	514 036
National: Municipal Systems Improvement Grant (MSIG)	-	755 290
National: Integrated National Electrification Program (INEP)	-	4 667 504
National: Department of Water Affairs & Forestry (DWAF)	-	-

**Provincial Government Grants:**

Provincial: Department of Public Works - Expanded Public Works Program Grant (EPWP)	16 430	607 613
Provincial: Department of Arts & Culture - Library Grant	546 937	418 617
Provincial: Department of Local Government - Provincial Infrastructure Grant (PIG)	-	2 183 429

**Total Conditional Grants and Receipts**

<b>563 366</b>	<b>15 381 485</b>
-	863 682
(0)	5 371 314
-	514 036
-	755 290
-	4 667 504
-	-
16 430	607 613
546 937	418 617
-	2 183 429
<b>563 366</b>	<b>15 381 485</b>

The **prior year amount** for *Unspent Conditional Grants and Receipts* has been restated to account for a transfer of 5% from MIG to PMU.

Furthermore, the **prior year amount** for *Unspent Conditional Grants and Receipts* has been restated to limit the DWAF amount recognised as revenue to the unspent balance as at 30 June 2014 and the grants received for the year ended 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 25 for the reconciliation of Grants from Government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

The allocation of equitable share in the 2015/16 financial year, has been reduced by R 13,200,000 due to non-spending of grants by the municipality.

Refer to Appendix "F" for more detail on Conditional Grants.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**18 LONG-TERM LIABILITIES**

Annuity Loans	261 714	412 065
Finance Lease Liabilities	-	57 536
Sub-total	<u>261 714</u>	<u>469 601</u>
Less: Current Portion transferred to Current Liabilities:-	169 465	207 888
Annuity Loans	<u>169 465</u>	<u>150 352</u>
Finance Lease Liabilities	<u>-</u>	<u>57 536</u>
<b>Total Long-term Liabilities</b> (Neither past due, nor impaired)	<u><b>92 249</b></u>	<u><b>261 714</b></u>

The **prior year amount** for *Long-term Liabilities* has been restated to account for interest in arrears on DBSA loans and to recognise the current portion of Long-term liabilities as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for Long-Term Liabilities has been restated to account for a finance lease which existed as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

**18.1 Summary of Arrangements**

The Annuity Loan is repaid over a remaining period of 2 (2015: 3) years and at an interest rate of 12,00% (2015: 12,00%) per annum. The Annuity Loan is not secured.

Finance Lease Liabilities relates to Telephone Equipment with a remaining lease term of zero (2015: 3) months. The effective interest rate on Finance Leases is 42%. Capitalised Lease Liabilities are secured over the items of equipment leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**18.2 Obligations under Finance Lease Liabilities**

**The Municipality as Lessee:**

Finance Leases relate to Telephone Equipment with lease terms of 5 years and 3 months (2015: 5 years). The effective interest rate on the Finance Lease liability is 42% (2015: 42%). The telephone system was installed at the municipality until December 2015.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2016 R	2015 R	2016 R	2015 R
<b>Amounts payable under finance leases:</b>				
Within one year	-	64 432	-	57 536
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	-	-	-
	-	64 432	-	57 536
Less: Future Finance Obligations	-	6 896	-	-
<b>Present Value of Minimum Lease Obligations</b>	-	<b>57 536</b>	-	<b>57 536</b>
Less: Amounts due for settlement within 12 months (Current Portion)			-	(57 536)
<b>Finance Lease Obligations due for settlement after 12 months (Non-current Portion)</b>			-	-

The municipality has finance lease agreements for the following class of assets:

- Office Equipment

Included in these classes are the following significant leases:

(i) Telephone system	
- Instalments are payable monthly in advance	
- Annual escalation	0%
- Average effective interest rate,	42.00%
- Average monthly instalment	R 11 982.45

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**19 EMPLOYEE BENEFIT LIABILITIES**

Post-retirement Health Care Benefits Liability	14 654 119	11 776 373
Long Service Awards Liability	1 969 499	2 033 236
<b>Total Employee Benefit Liabilities</b>	<b>16 623 618</b>	<b>13 809 609</b>

The **prior year amount** for *Employee Benefit Liabilities* has been restated to correctly disclose the amount for Long-Service Award Liability in terms of GRAP 25, previously recognised as a non-current provision. Refer to Note 43 on "Correction of Error" for details of the restatement.

**19.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	12 202 196	11 201 303
Contributions to Provision	2 779 138	1 000 893
Current service cost	808 355	593 236
Increase due to discounting	1 079 551	969 217
Less: Employer contributions made	(425 823)	(404 620)
Less: Actuarial (gains) & losses	1 317 055	(156 940)
Balance at end of Year	14 981 334	12 202 196
Transfer to Current Provisions	(327 215)	(425 823)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>14 654 119</b>	<b>11 776 373</b>

The **prior year amount** for Post-retirement Health Care Benefit Liability has been restated to include in-service members as at 30 June 2015 whose liability was not recognised in the prior year's valuation. Refer to Note 43 on "Correction of Error" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the defined benefit obligation were carried out as at 30 June 2015 and 30 June 2016 by the Matlotlo Group - Mr Ranti Mothapo a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	139	137
Continuation Members (Retirees, widowers and orphans)	9	9
<b>Total Members</b>	<b>148</b>	<b>146</b>

The liability in respect of past service has been estimated as follows:

In-service Members	11 431 676	8 865 178
Continuation Members	3 549 658	3 337 018
<b>Total Liability</b>	<b>14 981 334</b>	<b>12 202 196</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Key Health Medical Scheme
- LA Health Medical Scheme
- Samwumed
- Hosmed Medical Aid
- Bonitas Medical Fund

The Current-service Cost for the year ending 30 June 2016 is estimated to be R 808,355 whereas the cost for the ensuing year is estimated to be R 982,052 (30 June 2015: R 593,236 and R 808,355 respectively).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount rate	9.84%	9.15%
Health care cost inflation rate	9.29%	8.58%
Expected CPI rate	7.79%	7.08%
Expected salary inflation rate	8.79%	8.08%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65
Mortality tables	SA85-90	SA85-90
Mortality tables post retirement	PA(90)	PA(90)

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	12 202 196	11 201 303
Current service costs	808 355	593 236
Interest cost	1 079 551	969 217
Actuarial losses / (gains)	1 317 055	(156 940)
Benefits paid	(425 823)	(404 620)

**Total Recognised Benefit Liability**

<b>14 981 334</b>	<b>12 202 196</b>
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**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	14 981 334	12 202 196
Fair value of plan assets	-	-

**Total Benefit Liability**

<b>14 981 334</b>	<b>12 202 196</b>
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**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	808 355	593 236
Interest cost	1 079 551	969 217
Actuarial losses / (gains)	1 317 055	(156 940)
Benefits paid	(425 823)	(404 620)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 31)</b>	<b>2 779 138</b>	<b>1 000 893</b>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	<b>2016</b> <b>% change in</b> <b>provision</b> <i>Continuation</i> <i>Members</i>	<b>2016</b> <b>% change in</b> <b>provision</b> <i>In-Service</i> <i>Members</i>	<b>2015</b> <b>% change in</b> <b>provision</b> <i>Continuation</i> <i>Members</i>	<b>2015</b> <b>% change in</b> <b>provision</b> <i>In-Service</i> <i>Members</i>
<b>Increase:</b>				
Effect on the aggregate of the current interest cost	8.73%	9.34%	6.51%	9.09%
Effect on the aggregate of the current service cost	Nil	9.91%	Nil	9.72%
Effect on the defined benefit obligation	8.66%	9.34%	6.41%	9.10%
<b>Decrease:</b>				
Effect on the aggregate of the current interest cost	-7.70%	-9.11%	-7.26%	-8.96%
Effect on the aggregate of the current service cost	Nil	-9.30%	Nil	-9.16%
Effect on the defined benefit obligation	-7.63%	-9.11%	-7.18%	-8.96%

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**19.2 Long Service Awards Liability**

Balance at beginning of year	2 212 171	2 448 000
Contributions to provision	87 884	(235 829)
Current service cost	139 032	270 000
Increase due to discounting	192 131	195 217
Less: Employer contributions made	(178 935)	(176 000)
Less: Actuarial (gains) & losses	(64 344)	(525 046)
Balance at end of Year	2 300 055	2 212 171
Transfer to Current Provisions	(330 556)	(178 935)
<b>Total Long Service Awards Liability</b>	<b>1 969 499</b>	<b>2 033 236</b>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of the defined benefit obligation were carried out as at 30 June 2015 and 30 June 2016 by the Matlotlo Group - Mr Ranti Mothapo, a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 154 (2015: 152) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2016 is estimated to be R 139,032, whereas the cost for the ensuing year is estimated to be R 230,079 (2015: R 270,000 and R 139,032 respectively).

	2016 R	2015 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	8.94%	9.15%
Take-up rate by employees	100.00%	100.00%
Expected CPI rate	6.27%	7.08%
Expected Rate of Salary Increase	7.27%	8.08%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Normal Retirement Age - Males & Females	65	65
Mortality tables	SA85 - 90	SA85 - 90

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	2 212 171	2 448 000
Current service costs	139 032	270 000
Interest cost	192 131	195 217
Benefits paid	(178 935)	(176 000)
Actuarial losses / (gains)	(64 344)	(525 046)
<b>Total Recognised Benefit Liability</b>	<b>2 300 055</b>	<b>2 212 171</b>

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	2 300 055	2 212 171
Fair value of plan assets	-	-
<b>Total Benefit Liability</b>	<b>2 300 055</b>	<b>2 212 171</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	139 032	270 000
Interest cost	192 131	195 217
Actuarial losses / (gains)	(64 344)	(525 046)
Benefits paid	(178 935)	(176 000)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 31)</b>	<b>87 884</b>	<b>(235 829)</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

**Increase:**

Effect on the aggregate of the current interest cost	14 784	15 289
Effect on the aggregate of the current service cost	35 953	4 794
Effect on the defined benefit obligation	175 689	177 874

**Decrease:**

Effect on the aggregate of the current interest cost	(13 238)	(13 661)
Effect on the aggregate of the current service cost	(31 920)	(4 676)
Effect on the defined benefit obligation	(157 179)	(158 783)

**20 NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Land-fill Sites	5 273 533	4 821 296
<b>Total Non-current Provisions</b>	<b>5 273 533</b>	<b>4 821 296</b>

The **prior year amount** for *Non-current Provisions* has been restated to correctly disclose the amount for Long-Service Allowances in terms of GRAP 25, previously recognised as a non-current provision. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Non-current Provisions* has been restated to correctly disclose the amount for Rehabilitation of Landfill Sites, previously not calculated correctly. Refer to Note 43 on "Correction of Error" for details of the restatement.

**The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:**

Balance at beginning of year	4 821 296	4 407 840
Increase due to discounting	452 238	413 455
<b>Balance at end of year</b>	<b>5 273 533</b>	<b>4 821 296</b>

**20.1 Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R 12,926 million to restore the site at the end of its useful life, estimated to be in 2026. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**21 ACCUMULATED SURPLUS**

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	595 085 184	610 580 965
<b>Total Accumulated Surplus</b>	<b>595 085 184</b>	<b>610 580 965</b>

*Accumulated Surplus* has been restated due to the correction of prior period errors. Refer to Note 43 on "Correction of Error" for details of the restatements.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**22 PROPERTY RATES**

**Property Valuations**

**2016**                      **2015**  
**R**                              **R**

Business	178 823 450	178 823 450
State owned	33 552 000	33 552 000
Municipal	18 220 000	18 220 000
Multiple use	17 834 000	17 834 000
Place of worship	25 647 000	25 647 000
Public Service Infrastructure	34 876 000	34 876 000
Residential	675 397 500	675 397 500
Special	19 298 000	19 298 000
Mining	2 490 000	2 490 000
Business & Commercial	3 810 000	3 810 000
Agricultural	4 841 807 200	4 841 807 200

<b>Total</b>	<b>5 851 755 150</b>	<b>5 851 755 150</b>
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<b>Total Property Rates</b>	<b>11 826 368</b>	<b>10 398 205</b>
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**22.1 Calculation of Cash Flow:**

Property Rates Income	11 826 368	10 398 205
Opening Balance of Debtors: Assessment Rates	33 702 373	27 425 954
Closing Balance of Debtors: Assessment Rates	(17 269 519)	(33 702 373)

<b>Total Receipts for Property Rates</b>	<b>28 259 222</b>	<b>4 121 786</b>
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The **prior year amount** for *Property Rates* has been restated due to the retrospective correction of rates on Government and other accounts in 2016. Refer to Note 43 on "Correction of Error" for details of the restatement.

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last general valuation came into effect on 1 July 2014 and will be effective until 30 June 2018.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

- Residential Properties: 0,54 c/R (2014/15: 0,51 c/R)
- Residential Properties - Empty stands: 0,64 c/R (2014/15: 0,61 c/R)
- Business Properties: 1,62 c/R (2014/15: 1,53 c/R)
- Business Properties - Empty stands: 2,04 c/R (2014/15: 1,93 c/R)
- Agricultural Properties: 0,14 c/R (2014/15: 0,13 c/R)
- State Property: 1,62 c/R (2014/15: 1,53 c/R)
- Creches, Clinics, Recreations: 0,14 c/R (2014/15: 0,13 c/R)
- Mines: 1,62 c/R (2014/15: 1,53 c/R)
- Public Service Infrastructure: 0,14 c/R (2014/15: 0,13 c/R)

Municipal Properties and churches are exempt from the payment of rates, whilst the first R50,000 of the valuation on improved residential properties is exempt from the payment of rates.

Rates are levied monthly on property owners and are payable at the end of each month.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**23 FINES**

Traffic Fines	42 561 145	31 370 015
Other Fines	16 572	5 032
<b>Total Fines</b>	<b>42 577 717</b>	<b>31 375 047</b>

The **prior year amount** for *Fines* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

**24 INCOME FROM AGENCY SERVICES**

Licence Cards	1 352 568	2 219 476
Motor Licences	298 290	483 020
<b>Total Income from Agency Services</b>	<b>1 650 858</b>	<b>2 702 496</b>

The **prior year amount** for *Income from Agency Services* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

**25 GOVERNMENT GRANTS AND SUBSIDIES**

National Equitable Share	63 366 000	54 925 000
<b>Operational Grants</b>	63 366 000	54 925 000
<b>Conditional Grants</b>	48 393 581	31 165 533
National: Finance Management Grant (FMG)	1 875 000	936 318
National: Municipal Infrastructure Grant (MIG)	12 801 310	20 541 813
National: Municipal Systems Improvement Grant (MSIG)	930 000	178 710
National: Provincial Infrastructure Grant (PIG)	9 750 023	-
National: Project Management Unit Grant (PMU)	685 012	534 414
National: Department Water Affairs & Forestry (DWAF)	-	2 644 292
National: Integrated National Electrification Program	4 967 504	3 332 496
Provincial: Department of Public Works - Expanded Public Works Program Grant (EPWP)	1 821 183	826 105
Provincial: Department Arts and Culture - Library Grant	871 680	171 385
Local Government: Dr Kenneth Kaunda District Municipality	14 691 868	2 000 000
<b>Total Government Grants and Subsidies</b>	<b>111 759 581</b>	<b>86 090 533</b>

**25.1 Calculation of Cash Flow:**

Government Grants and Subsidies Income	111 759 581	86 090 533
Opening Balance of Unspent Government Grants	(15 381 485)	(12 041 165)
Closing Balance of Unspent Government Grants	563 366	15 381 485
<b>Total Receipts for Government Grants and Subsidies</b>	<b>96 941 462</b>	<b>89 430 852</b>

The **prior year amount** for *Government Grants and Subsidies* has been restated to account for grants received from Dr Kenneth Kaunda District municipality as a creditor instead of a grant. DBSA loan instalments were paid by Dr Kenneth Kaunda District Municipality on Ventersdorp municipality's behalf. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Government Grants and Subsidies* has been restated to limit the DWAF amount recognised as revenue to the unspent balance as at 30 June 2014 and the grants received for the year ended 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Operational Grants:**

**25.2 National: Equitable Share**

**63 366 000**      **54 925 000**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy on all basic services based on the monthly billing, towards their consumer account. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. The allocation of equitable share has been reduced by R 13,200,000 due to the non-spending of funds by the municipality as at 30 June 2015, as indicated below.

**Conditional Grants:**

**25.3 Provincial: Department of Public Works - Expanded Public Works Program Grant**

Balance unspent at beginning of year	607 613	45 718
Current year receipts	1 792 000	1 388 000
Conditions met - transferred to Revenue	(1 821 183)	(826 105)
Other Adjustments/Refunds	(562 000)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<b>16 430</b>	<b>607 613</b>

The grant is to be utilised for salary expenses for the expended Public Works Program in accordance with the national cleaning campaign. The allocation of equitable share has been reduced by R 13,200,000 and R 562,000 has been withheld due to non-spending of EPWP funds by the municipality.

**25.4 National: Municipal Finance Management Grant (FMG)**

Balance unspent at beginning of year	863 682	-
Current year receipts	1 875 000	1 800 000
Conditions met - transferred to Revenue	(1 875 000)	(936 318)
Other Adjustments/Refunds	(863 682)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<b>-</b>	<b>863 682</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The allocation of equitable share has been reduced by R 13,200,000 and R 863,682 has been withheld due to non-spending of FMG funds by the municipality.

**25.5 National: Municipal Infrastructure Grant (MIG)**

Balance unspent at beginning of year	5 371 314	7 289 327
Current year receipts	13 920 000	19 604 000
Transferred to PMU	(685 012)	(980 200)
Conditions met - transferred to Revenue	(12 801 310)	(20 541 813)
Other Adjustments/Refunds	(5 804 992)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<b>(0)</b>	<b>5 371 314</b>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The allocation of equitable share has been reduced by R 13,200,000 and R 5,804,992 has been withheld due to non-spending of MIG funds by the municipality.



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**25.6 National: Municipal Systems Improvement Grant (MSIG)**

Balance unspent at beginning of year	755 290	-
Current year receipts	930 000	934 000
Conditions met - transferred to Revenue	(930 000)	(178 710)
Other Adjustments/Refunds	(755 290)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>755 290</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise institutional and governance systems as required in the Municipal Systems Act, and related legislation, policies and the local government turnaround strategy. The allocation of equitable share has been reduced by R 13,200,000 and R 755,290 has been withheld due to non-spending of MSIG funds by the municipality.

**25.7 National: Project Management Unit Grant (PMU)**

Balance unspent at beginning of year	514 036	68 248
Current year receipts	685 012	980 200
Conditions met - transferred to Revenue	(685 012)	(534 412)
Other Adjustments/Refunds	(514 036)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>514 036</u>

The grant is to be utilised for operating cost of the Project Management Unit (PMU) in regards to the Municipal Infrastructure Grant (MIG). The allocation of equitable share has been reduced by R 13,200,000 and R 514,036 has been withheld due to non-spending of PMU funds by the municipality.

**25.8 National: Department Water Affairs & Forestry (DWAF)**

Balance unspent at beginning of year	-	2 184 441
Current year receipts	-	459 851
Conditions met - transferred to Revenue	-	(2 644 292)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service. No funds have been withheld.

**25.9 Provincial: Department Arts and Culture (Library Grant)**

Balance unspent at beginning of year	418 617	270 002
Current year receipts	1 000 000	320 000
Conditions met - transferred to Revenue	(871 680)	(171 385)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>546 937</u>	<u>418 617</u>

The grant is to be utilised for programme costs of the library and other costs as per library proposal. No funds have been withheld.

**25.10 Provincial: Provincial Infrastructure Grant (PIG)**

Balance unspent at beginning of year	2 183 429	2 183 429
Current year receipts	7 566 594	-
Conditions met - transferred to Revenue	(9 750 023)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>2 183 429</u>

The grant is to be utilised for public infrastructure expenses. The funds were provided by Local Government. No funds have been withheld.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**25.11 Local Government: Dr Kenneth Kauda District Municipality - Operating**

Balance unspent at beginning of year	-	-
Current year receipts	14 691 868	2 000 000
Conditions met - transferred to Revenue	(14 691 868)	(2 000 000)
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>-</u>

In the 2015 financial year, a grant was allocated to the municipality as a contribution towards fire and ambulance services provided by the municipality. In the 2016 financial year, the registration of a solid waste site was completed and paid by the District municipality on Ventersdorp municipality's behalf. Also in 2016 the following assets were transferred to the municipality: a fire truck, skip bins and service delivery vehicles.

**25.12 National: Integrated National Electrification Program (INEP)**

Balance unspent at beginning of year	4 667 504	-
Current year receipts	5 000 000	8 000 000
Conditions met - transferred to Revenue	(4 967 504)	(3 332 496)
Other Adjustments/Refunds	(4 700 000)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>-</u>	<u>4 667 504</u>

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of infrastructure and rehabilitation of electricity infrastructure. The allocation of equitable share has been reduced by R 13,200,000 and R 4,700,000 has been withheld due to non-spending of the INEP funds by the municipality.

**25.13 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, government grant funding is expected to increase over the forthcoming three financial years.

**26 SERVICE CHARGES**

Sale of Electricity	42 274 171	31 134 504
Sale of Water	4 754 977	3 466 168
Refuse Removal	4 090 870	3 824 659
Sewerage and Sanitation Charges	6 215 107	5 781 187
<b>Total Service Charges</b>	<u><b>57 335 126</b></u>	<u><b>44 206 518</b></u>

**26.1 Calculation of Cash Flow:**

Service Charges Income	57 335 126	44 206 518
Opening Balance of Debtors: Service Charges	62 577 266	44 274 817
Closing Balance of Debtors: Service Charges	(75 133 318)	(62 577 266)
<b>Total Receipts for Service Charges</b>	<u><b>44 779 073</b></u>	<u><b>25 904 070</b></u>

The **prior year amount** for *Service charges* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Service Charges* has been restated to correctly disclose payments received in advance as at 30 June 2015 as a liability. Refer to Note 43 on "Correction of Error" for details of the restatement.

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**27 RENTAL OF FACILITIES AND EQUIPMENT**

Rental Revenue from Buildings	58 067	59 752
Rental Revenue from Land	15 064	15 064
Rental Revenue from Other Facilities	2 925	4 762
<b>Total Rental of Facilities and Equipment</b>	<b>76 056</b>	<b>79 578</b>

The **prior year amount** for *Rental of Facilities and Equipment* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Rental of Facilities and Equipment* has been restated to recognise operating lease revenue on a straight-line basis over the lease term as required by GRAP 13. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Rental of Facilities and Equipment* has been restated to correctly disclose the revenue for Rentals for new lease agreements entered into, previously not accrued for. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Rental of Facilities and Equipment* has been restated to correctly disclose payments received in advance as at 30 June 2015 as a liability. Refer to Note 43 on "Correction of Error" for details of the restatement.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

**28 INTEREST EARNED**

**External Investments:**

Bank Account	140 925	72 146
Investments	362 799	390 090
Eskom Deposits	205 877	180 435
<b>Total Interest Earned</b>	<b>709 602</b>	<b>642 670</b>

The disclosure of *Interest Earned on investments* has been restated to correctly classify interest earned on Eskom Deposits.

**28.1 Calculation of Cash Flow:**

External Interest Income	709 602	642 670
<b>Total Receipts for Interest Received</b>	<b>709 602</b>	<b>642 670</b>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Financial Assets at Amortised cost	709 602	642 670
	<b>709 602</b>	<b>642 670</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**29 OTHER REVENUE**

Administration Fees	44 012	40 269
Building Plan Fees	19 919	15 743
Cemetery Fees	105 007	114 052
Labour Cost Recovered	72 606	10 538
Lease Advertising Signs	2 564	2 352
Prints	516	633
Rates Clearance Certificates	34 168	8 018
Sale of Materials and Stores	4 489	6 318
Skills Development Fund Claims	80 544	78 243
Stock Surpluses	87 281	82 838
Tender Documents	452 806	47 095
Valuation Certificates and Fees	8 260	4 964
Sundry Income	7 017	16 679
<b>Total Other Revenue</b>	<b>919 190</b>	<b>427 742</b>

**29.1 Calculation of Cash Flow:**

Income from Other Revenue	Note 29	919 190	427 742
Income from Rental of Facilities and Equipment	Note 27	76 056	79 578
Income from Agency Services	Note 24	1 650 858	2 702 496
Income from Fines	Note 23	42 577 717	31 375 047
Other Gains from Continued Services	Note 41	14 125	7 066
Impairment losses - Provision for doubtful debts (Non-exchange)	Note 34	(38 651 573)	(31 389 476)
Opening Balance of Debtors: Non-exchange Transactions	Note 4	50 467 519	35 084 026
Opening Balance of Debtors: Assessment Rates	Note 4	(33 702 373)	(27 425 954)
Closing Balance of Debtors: Non-exchange Transactions	Note 4	(19 027 816)	(50 467 519)
Closing Balance of Debtors: Assessment Rates	Note 4	17 269 519	33 702 373
Opening Balance of VAT Receivable	Note 5	11 659 460	9 326 342
Closing Balance of VAT Receivable	Note 5	(5 820 555)	(11 659 460)
Opening Balance of Operating Lease Receivables	Note 7	10 775	6 759
Closing Balance of Operating Lease Receivables	Note 7	(11 919)	(10 775)
Opening Balance of Consumer Deposits	Note 13	(1 280 315)	(1 152 332)
Closing Balance of Consumer Deposits	Note 13	1 282 783	1 280 315

<b>Total Receipts for Other Revenue</b>	<b>27 433 451</b>	<b>(8 113 771)</b>
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The **prior year amount** for *Other Income* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Other Income* has been restated to account for insurance claims received in prior financial years. Refer to Note 43 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 22 to 27, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

**30 PROFIT ON SALE OF LAND**

Proceeds on Sale of Land	-	145 649
Cost of Sale of Land	-	-
<b>Total Profit on Sale of Land</b>	<b>-</b>	<b>145 649</b>

The **prior year amount** for *Profit on Sale of Land* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**31 EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries and Wages	32 424 038	29 648 982
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9 053 587	8 449 383
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 045 160	3 204 255
Overtime Payments	2 022 026	1 920 671
Defined Benefit Plan Expenses	2 867 022	765 064
<b>Total Employee Related Costs</b>	<b>49 411 833</b>	<b>43 988 354</b>

**31.1 Calculation of Cash Flow:**

Employee Related Costs Expenditure	49 411 833	43 988 354
Opening Balance of Employee Benefit Liabilities	13 151 838	13 649 303
Closing Balance of Employee Benefit Liabilities	(16 018 860)	(14 414 367)
<b>Total Payments for Employee Related Costs</b>	<b>46 544 811</b>	<b>43 223 290</b>

The **prior year amount** for *Employee Related Costs* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Employee Related Costs* has been restated due to the correction of the leave provision which was incorrectly based on daily rate excluding benefits as well as a provision raised for service bonuses as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Employee Related Costs* has been restated due to the correction of Defined Benefit Plan expenses which was incorrectly accounted for in the prior year and to include expenditure for in-service members, whose liability was not recognised in previous Post Employment Medical Aid valuations. Refer to Note 43 on "Correction of Error" for details of the restatement.

No advances were made to employees.

**Remuneration of Section 57 Employees:**

***Remuneration of the Municipal Manager - BJ Makade***

Annual Remuneration	587 143	709 232
Termination benefits	296 539	-
Car and Other Allowances	50 924	144 428
Company Contributions to UIF, Medical and Pension Funds	80 996	235 425
<b>Total</b>	<b>1 015 603</b>	<b>1 089 085</b>

BJ Makade was suspended in October 2014 and his employment was terminated in October 2015. BMB Mosepele served as Executive Director Community Development and Acting Municipal Manager during the period October 2014 to April 2015.

***Remuneration of the Acting Municipal Manager - JK Mashigo***

Annual Remuneration	135 084	-
Company Contributions to UIF, Medical and Pension Funds	644	-
<b>Total</b>	<b>135 728</b>	<b>-</b>

JK Mashigo acted in this position from May 2015 to October 2015.

***Remuneration of the Acting Municipal Manager - MI Moruti***

Annual Remuneration	476 904	-
Car and Other Allowances	150 021	-
Company Contributions to UIF, Medical and Pension Funds	70 015	-
<b>Total</b>	<b>696 939</b>	<b>-</b>

MI Moruti acted in this position from November 2015 till the end of the reporting period.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Remuneration of the Chief Financial Officer - MI Moruti**

Annual Remuneration	237 098	569 405
Car and Other Allowances	72 052	201 299
Company Contributions to UIF, Medical and Pension Funds	46 356	142 337
<b>Total</b>	<b>355 506</b>	<b>913 041</b>

MI Moruti acted as Municipal Manager from November 2015 till the end of the reporting period.

**Remuneration of the Acting Chief Financial Officer - CWK Kgosiemang**

Annual Remuneration	315 933	-
Car and Other Allowances	110 986	-
Company Contributions to UIF, Medical and Pension Funds	55 788	-
<b>Total</b>	<b>482 707</b>	<b>-</b>

CWK Kgosiemang acted in this position from December 2015 till the end of the reporting period.

**Remuneration of the Executive Director: Corporate and Human Resources - LD Mcameni**

Annual Remuneration	91 744	451 054
Termination benefits	227 255	-
Car and Other Allowances	62 541	353 936
Company Contributions to UIF, Medical and Pension Funds	19 839	111 258
<b>Total</b>	<b>401 379</b>	<b>916 248</b>

The manager resigned in August 2015.

**Remuneration of the Acting Executive Director: Corporate and Human Resources - M Human**

Annual Remuneration	135 400	-
Car and Other Allowances	19 537	-
Company Contributions to UIF, Medical and Pension Funds	31 223	-
<b>Total</b>	<b>186 160</b>	<b>-</b>

M. Human acted in this position from November 2015 to January 2016.

**Remuneration of the Acting Executive Director: Corporate and Human Resources - Nzimankulu M.W.**

Annual Remuneration	225 666	-
Car and Other Allowances	39 871	-
Company Contributions to UIF, Medical and Pension Funds	30 797	-
<b>Total</b>	<b>296 335</b>	<b>-</b>

M.W. Nzimankulu acted in this position from February 2016 till the end of the reporting period.

**Remuneration of the Executive Director: Community Development - BMB Mosepele**

Annual Remuneration	523 572	477 566
Car and Other Allowances	370 666	351 406
Company Contributions to UIF, Medical and Pension Funds	88 778	86 466
<b>Total</b>	<b>983 017</b>	<b>915 438</b>

**Remuneration of the Executive Director: Strategic Planning & LED - SA Sidu**

Annual Remuneration	441 624	404 493
Car and Other Allowances	343 977	353 936
Company Contributions to UIF, Medical and Pension Funds	113 666	126 238
<b>Total</b>	<b>899 267</b>	<b>884 667</b>

The manager was suspended with full pay from August 2015 and his employment was terminated in June 2016.

**Remuneration of the Acting Executive Director: Strategic Planning & LED - W Marx**

Annual Remuneration	315 933	-
Car and Other Allowances	65 631	-
Company Contributions to UIF, Medical and Pension Funds	56 361	-
<b>Total</b>	<b>437 925</b>	<b>-</b>

W Marx acted in this position from December 2015 till the end of the reporting period.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Remuneration of the Executive Director: Engineering Services - OG Moremedi**

Annual Remuneration	515 417	564 908
Car and Other Allowances	281 302	265 466
Company Contributions to UIF, Medical and Pension Funds	87 913	85 681
<b>Total</b>	<b>884 633</b>	<b>916 056</b>

**Summary of Remuneration of Section 57 Employees:**

All Managers	6 775 197	5 634 535
<b>Total Remuneration of Section 57 Employees</b>	<b>6 775 197</b>	<b>5 634 535</b>

No compensation was payable to key management personnel in terms of GRAP 25 as at 30 June.

**32 REMUNERATION OF COUNCILLORS**

Mayor	571 053	536 331
Councillors	1 721 208	1 730 236
Other Allowances (Cellular Phones, Housing, Transport, etc)	1 111 798	1 132 937
<b>Total Councillors' Remuneration</b>	<b>3 404 060</b>	<b>3 399 503</b>

**Remuneration of Councillors:**

The **prior year amount** for *Remuneration of councillors* has been restated to include a subsistence allowance to the Mayor which was previously included in General expenses. Refer to Note 43 on "Correction of Error" for details of the restatement.

***In-kind Benefits***

The Councillor occupying the positions of Mayor of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

**33 DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	42 355 045	40 337 769
<b>Total Depreciation and Amortisation</b>	<b>42 355 045</b>	<b>40 337 769</b>

(0.45)

The **prior year amount** for *Depreciation and Amortisation* has been restated due to the compilation of a GRAP compliant Asset Register. Refer to Note 43 on "Correction of Error" for details of the restatement.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**34 IMPAIRMENT LOSSES**

**34.1 Impairment Losses on Financial Assets**

**Impairment Losses Recognised:**

Receivables from Exchange Transactions	12 884 951	35 057 420
Receivables from Non-exchange Transactions	38 651 573	31 389 476
- Assessment rates	2 963 896	7 581 054
- Fines	35 687 677	23 808 422
<b>Total Impairment Losses</b>	<b>51 536 524</b>	<b>66 446 896</b>

The **prior year amount** for *Impairment Losses* has been restated to correctly disclose the impairment of Receivables for traffic fines in terms of the prescriptions of IGRAP 1, previously not accrued for. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Impairment Losses* has been restated due to the adjustment of debt impairment which was under provided for in the 2014/15 financial year. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

Furthermore, the **prior year amount** for *Impairment Losses on Property, Plant and Equipment and Intangible Assets* has been restated due to the compilation of a GRAP compliant Asset Register. Refer to Note 43 on "Change in Accounting Policy" for details of the restatement.

**35 REPAIRS AND MAINTENANCE**

Land and Buildings	339 573	216 647
Infrastructure - Electricity	3 256 362	2 684 240
Infrastructure - Road Transport	245 692	159 878
Infrastructure - Sanitation	2 063 128	839 768
Infrastructure - Water	535 834	286 323
Other Assets	1 189 145	720 231
<b>Total Repairs and Maintenance</b>	<b>7 629 733</b>	<b>4 907 087</b>

The **prior year amount** for Repairs and Maintenance has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**36 FINANCE COSTS**

Creditors Overdue	7 711 848	6 228 089
Finance Leases	6 896	47 872
Landfill Provision	452 238	413 455
Annuity Loans	39 472	56 120
<b>Total Interest Paid on External Borrowings</b>	<b>8 210 454</b>	<b>6 745 537</b>

**36.1 Calculation of Cash Flow:**

Finance Cost Expenditure	8 210 454	6 745 537
Less: Interest on Landfill provision	(452 238)	(413 455)
<b>Total Payments for Finance Costs</b>	<b>7 758 217</b>	<b>6 332 081</b>

The **prior year amount** for *Finance Costs* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Finance Costs* has been restated to account for interest in arrears on DBSA loans and correction of interest on year end creditors. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *Finance Costs* has been restated to account for interest accrued on the landfill site provision and finance lease liabilities as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

**37 BULK PURCHASES**

Electricity	42 046 334	36 849 364
Water	1 732 369	1 963 257
<b>Total Bulk Purchases</b>	<b>43 778 703</b>	<b>38 812 621</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst raw water is purchased from the Department of Water and Sanitation.

**38 CONTRACTED SERVICES**

Debt Management	(8 783)	145 047
Information Systems	993 306	740 014
Meter Reading	283 678	311 124
Pre-Paid Vending Management	297 366	237 612
Professional Fees	6 832 501	-
Security Services	2 325 799	1 378 892
Valuation Services	99 749	102 288
Website Hosting	24 800	11 920
Other Contracted Services	2 924 462	3 669 717
<b>Total Contracted Services</b>	<b>13 772 879</b>	<b>6 596 613</b>

**38.1 Calculation of Cash Flow:**

Expenditure for Contracted Services	Note 38	13 772 879	6 596 613
Expenditure for Bulk Purchases	Note 37	43 778 703	38 812 621
Expenditure for Repairs and Maintenance	Note 35	7 629 733	4 907 087
Opening Balance of Payables: Exchange Transactions	Note 15	116 411 358	88 994 277
Closing Balance of Payables: Exchange Transactions	Note 15	(121 375 801)	(116 411 358)
Opening Balance of Inventories	Note 2	(3 163 363)	(2 640 359)
Closing Balance of Inventories	Note 2	2 942 796	3 163 363
<b>Total for Suppliers Paid</b>		<b>59 996 305</b>	<b>23 422 244</b>

The **prior year amount** for *Contracted Services* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**39 GRANTS AND SUBSIDIES PAID**

Community Projects	980 696	216 777
Project Expenditure	928 806	-
Art, Cultural and Sport Events	294 853	205 858
<b>Total Grants and Subsidies</b>	<b>2 204 354</b>	<b>422 635</b>

**Community Projects** are in respect of community cultural programs and catering & transport cost of community development workers within the municipality's area of jurisdiction.

**Project Expenditure** is in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

**Art, Culture & Sport Events** are in respect accommodation and travelling expenses of participants for art, culture & sporting events attended outside the municipal area of jurisdiction.

The **prior year amount** for *Grants and Subsidies paid* has been restated due to re-allocation of items. Refer to Note 43 on "Correction of Error" for details of the restatement.

**40 GENERAL EXPENSES**

Included in General Expenses are the following:

Accommodation and Meals	80 366	294 456
Advertising	107 541	32 710
Audit Fees	3 124 948	3 044 459
Bank Charges	168 648	131 817
Cleaning Material	41 194	43 289
Commission Paid	665 166	507 333
Communication and Public Participation	134 250	-
Computer Software and Components	11 816	47 461
Congress and Conference Expenses	-	666
Entertainment	19 750	130 579
Expenditure incurred from Grants:		
EPWP Grant	1 818 143	826 105
Finance Management Grant	2 197 534	886 621
Local Economic Development Grant	3 384	59 210
MPCC	28 902	800
Municipal Systems Integration Grant	845 156	171 742
Fuel and Oil	1 090 016	1 270 209
Hiring of Equipment	-	70 271
IDP Review	-	12 028
Insurance	682 684	862 854
Legal Costs	3 241 008	2 457 091
Licence Fees	102 001	216 640
Materials and Stocks	556 601	402 608
Mayoral Special Programmes	129 064	82 650
Membership Fees	509 668	500 000
PMU General Expenses	678 397	534 412
Postage and Telegrams	319 143	319 647
Printing and Stationery	486 636	481 761
Project Cost	88 127	14 620
Stock Shortages/Surpluses	154 939	42 317
Telephone Cost	694 442	548 306
Training Costs	210 089	162 828
Travelling and Subsistence	541 265	501 794
Uniforms and Protective Clothing	606 908	341 540
Ward Committee Management	330 600	327 600
Other General Expenses	392 432	63 112
<b>Total General Expenses</b>	<b>20 060 818</b>	<b>15 389 534</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**40.1 Calculation of Cash Flow:**

Expenditure for General Expenses	Note 40	20 060 818	15 389 534
Expenditure for Grants and Subsidies Paid	Note 39	2 204 354	422 635
Opening Balance of Payables: Non-exchange Transactions	Note 16	162 063	2 560 046
Closing Balance of Payables: Non-exchange Transactions	Note 16	(10 692)	(162 063)
Correction of Prior Year Errors		0	2

**Total for Other Payments**

<b>22 416 544</b>	<b>18 210 154</b>
0.10	

The **prior year amount** for *General Expenses* has been restated due to re-allocation of items and the correction of creditors as at 30 June 2015. Refer to Note 43 on "Correction of Error" for details of the restatement.

Furthermore, the **prior year amount** for *General Expenses* has been restated to re-allocate finance lease instalments against finance lease liabilities. Refer to Note 43 on "Correction of Error" for details of the restatement.

**41 GAINS AND LOSSES ON OTHER OPERATIONS**

Fair value adjustments of Financial Assets designated at Fair Value	14 125	7 066
<b>Net Other Gains and Losses</b>	<b>14 125</b>	<b>7 066</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**42 MERGERS**

Ventersdorp municipality and Tlokwe municipality is in the process of being merged into a combined new municipality and the merger is due to occur on 3 August 2016. The reason for the merger is to optimize the financial viability of the new municipality. The name of the new municipality must still be confirmed. The preliminary name used is Northwest 405 Municipality (Ventersdorp/Tlokwe).

Accounting Policy 26 on Mergers describes the conditions and recognition criteria upon which the merger is based.

**The following assets and liabilities will be transferred as a result of the merger:**

	<b>Transferred</b>
<b>Current Assets</b>	<b>46 717 148</b>
Inventories	2 942 796
Receivables from Exchange Transactions	15 024 475
Receivables from Non-exchange Transactions	19 027 816
VAT Receivable	5 820 555
Cash and Cash Equivalents	3 889 586
Operating Lease Receivables	11 919
<b>Non-Current Assets</b>	<b>694 417 315</b>
Property, Plant and Equipment	654 154 925
Intangible Assets	66 908
Investment Property	31 552 603
Heritage Assets	8 428 759
Non-current Investments	214 119
<b>Total Assets</b>	<b>741 134 462</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	<b>124 059 878</b>
Consumer Deposits	1 282 783
Provisions	657 771
Payables from Exchange Transactions	121 375 801
Payables from Non-exchange Transactions	10 692
Unspent Conditional Grants and Receipts	563 366
Current Portion of Long-term Liabilities	169 465
<b>Non-Current Liabilities</b>	<b>21 989 400</b>
Long-term Liabilities	92 249
Employee Benefit Liabilities	16 623 618
Non-current Provisions	5 273 533
<b>Total Liabilities</b>	<b>146 049 278</b>
<b>Total Assets and Liabilities</b>	<b>595 085 184</b>
<b>NET ASSETS</b>	<b>595 085 184</b>
Accumulated Surplus / (Deficit)	595 085 184
<b>Total Net Assets</b>	<b>595 085 184</b>

**The following contingent asset and liabilities will also be transferred to the new combined municipality:**

<b>Contingent Assets as per note 55</b>	<b>24 500 000</b>
Illegal agreement	4 500 000
Non compliance with legislation	20 000 000
<b>Contingent Liabilities as per note 54</b>	<b>(44 885 340)</b>
Claims for losses sustained	(377 000)
Breach of contract	(12 000 000)
Unlawful enrichment	(32 508 340)

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**43 CORRECTION OF ERROR**

Corrections were made during the previous financial years. Details of the corrections are described below:

**43.1 Reclassification of Accumulated Surplus**

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		<b>Accumulated Surplus</b>
<b>Balances published as at 30 June 2014</b>		<b>503 783 549</b>
Correction of Error:-		
<u>2015 Appropriations accounted for as at 30 June 2014:</u>	(15 672 652)	
Recognition debtor for traffic fines issued as at 30 June 2014	18 451 016	
Correction of Inventory as at 30 June 2014	(21 719 461)	
Correction of VAT as at 30 June 2014	(1 126 450)	
Correction of Property Plant and Equipment as at 30 June 2014	(8 227 489)	
Correction of Intangible Assets as at 30 June 2014	(251 494)	
Correction of Consumer debtors as at 30 June 2014	(3 614 982)	
Correction of Creditors as at 30 June 2014	816 207	
Adjustment of accumulated depreciation of PPE to agree with Accounting system as at 30 June 2014	1 686 083	
Provision for service bonuses as at 30 June 2014	(644 199)	
Correction of the provision for rehabilitation of landfill site as at 30 June 2014	(2 114 150)	
Recognition of Finance Lease liability as at 30 June 2014	(153 453)	
Recognition of debt impairment on Traffic Fines & correction of debtor's balance as at 30 June 2014	(13 958 468)	
Recognition of payments received in advance as at 30 June 2014 - Pre-paid electricity	(157 857)	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp municipality's behalf as at 30 June 2014.	(190 943)	
Correction of the balance payable to the Department of Community Safety and Transport Management as at 30 June 2014.	(76 138)	
Recognition of payments received in advance as at 30 June 2014 - Vodacom	(8 820)	
Straight-lining of rent received for land as at 30 June 2014 - Vodacom	6 139	
Recognition of debtor for rent receivable as at 30 June 2014 - Home Affairs	6 000	
Straight-lining of rent received for municipal building as at 30 June 2014 - Home Affairs	620	
Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014	2 422	
Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014 - June 2014 instalment raised as a debtor	5 500	
VAT over claimed during the period June 2012 to June 2014 as per SARS audit	(901 183)	
Correction of payable from exchange transactions which was under provided for as at 30 June 2014.	458 356	
Correction of insurance control vote as at 30 June 2014.	5 837	
Correction of the provision for Post Employment Medical Aid as at 30 June 2014 to include in-service members whose liability was not recognised in prior year valuations.	(7 223 303)	
Correction of rates on government and other accounts in 2016 affecting rates revenue up to 30 June 2014.	21 307 603	
Write-back of carrying value of PPE as per 2015 AFS	(476 135 533)	
Write-back of carrying value of Investment Property as per 2015 AFS	(44 141 199)	
Recognition of carrying value of PPE as per new Asset Register	657 003 381	
Recognition of carrying value of Investment Property as per new Asset Register	29 586 125	
Recognition of carrying value of Intangible Assets as per new Asset Register	66 907	
Recognition of carrying value of Heritage Assets as per new Asset Register	8 676 129	
Year-end creditor correction: Auditor General	(5 195)	
Year-end creditor correction: Department of Water	312 702	
Year-end creditor correction: Eskom	20 820	
Creditor raised for Dr Kenneth Kaunda District municipality for Eskom deposit and connection charges paid on Ventersdorp municipality's behalf in December 2011	(1 153 080)	
Correction of Property Stock as per Council approved stock list	91 800	
Correction of Heritage assets incorrectly included in Asset Register	(327 968)	
Correction of Investment Property not included in Asset Register	1 972 829	
Correction of Land not included in Asset Register	278 771	
Correction of PPE-items incorrectly capitalised @ deemed cost instead of actual cost	(926 219)	
Correction of Accumulated depreciation as at 30 June 2014 - movable assets	70 798	157 768 461
<b>Balances published as at 30 June 2014</b>		<b>661 552 009</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Transactions incurred for the Year 2014/15

(40 770 983)

Correction of Error:-

Appropriations in 2014/15

(15 672 652)

Appropriations in 2014/15 accounted for as at 30 June 2014

15 672 652

Adjustment for Debt Impairment	(37 198 394)	
Adjustment of DBSA loan - accounting for interest in arrears	(437)	
Adjustment of provision for Long Service Awards as at 30 June 2015	471 829	
Correction of leave provision which was incorrectly based on daily rate excluding benefits as at 30 June 2015	(1 101 794)	
Correction of the provision for Rehabilitation of landfill site which was incorrectly expensed for the year ended 30 June 2015.	67 868 994	
Provision for Service bonuses - movement for the year ended 30 June 2015	(84 957)	
Adjustment for Interest Accrued on Landfill site provision	(413 455)	
Adjustment for Interest on Finance Lease Liability	(47 872)	
Allocation correction of Finance Lease instalments from General expenses	143 789	
Adjustment for debt impairment on Traffic Fine debtors	(23 808 422)	
Recognition of payments received in advance as at 30 June 2015 - Pre-paid electricity	(26 138)	
Recognition of payments received in advance as at 30 June 2015 - Hall rentals	(260)	
Government grants and subsidies received have been adjusted to account for DBSA loan instalments paid by Dr Kenneth Kaunda District municipality on Ventersdorp municipality's behalf, as a creditor instead of grant revenue.	(189 824)	
Straight-lining of rent received for land for the year ended 30 June 2015 - Vodacom	1 613	
Recognition of payments received in advance as at 30 June 2015 - Vodacom land rentals	(441)	
Straight-lining of rent received for municipal building for the year ended 30 June 2015 - Home Affairs	640	
Recognition of debtor for rent receivable for the year ended 30 June 2015 - Home Affairs	12 600	
Correction of rental income from Dr Kenneth Kaunda District Municipality for the year ended 30 June 2015.	(15 149)	
Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014 - June 2014 instalment raised paid in 2014/15 financial year.	(5 500)	
Straight-lining of rent received for land for the year ended 30 June 2015 - Dr Kenneth Kaunda District Municipality	1 763	
Reversal of interest - Year end creditors: WCA	11 877	
DWAF - Amount recognised as revenue limited to grants received.	(1 550 891)	
Correction of payable from exchange transactions which was not reversed in 2014/15 financial year.	4 346	
Correction of insurance control vote as at 30 June 2015 - Insurance claims received recognised as revenue.	15 083	
Correction of the provision for Post Employment Medical Aid as at 30 June 2015 according to revised valuation.	(1 641 893)	
Correction of rates on government and other accounts in 2016 affecting rates revenue for the year ended 30 June 2015.	1 714 302	
Write-back of depreciation on PPE as per 2015 AFS	26 040 335	
Recognition of depreciation on PPE as per new Asset Register	(40 408 567)	
Write-back of PPE additions as per 2015 AFS	(26 554 918)	
Recognition of PPE additions as per new Asset Register	26 557 059	
Cost of Investment Property sold debited against proceeds on disposal	(6 351)	
Write-back of Intangible Asset additions as per 2015 AFS	(62 843)	
Correction of water inventory as at 30 June 2015	3 017	
Correction of depreciation as at 30 June 2015 - movable assets	70 798	(10 200 061)

**Restated Balances as at 30 June 2015**

**610 580 965**

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**43.2 Reclassification of Revenue**

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2014/15 Revenue	Current Year 2014/15 Revenue	Restated Amount
Property Rates	8 683 903	10 398 205	(1 714 302)
Fines	31 370 047	31 375 047	(5 000)
Licences and Permits	2 644 793	-	2 644 793
Income for Agency Services	-	2 702 496	(2 702 496)
Government Grants and Subsidies Received	87 831 249	86 090 533	1 740 715
Service Charges	50 147 343	44 206 518	5 940 824
Rental of Facilities and Equipment	70 421	79 578	(9 158)
Interest Earned - External Investments	642 670	642 670	-
Other Income	682 795	427 742	255 053
Other Gains on Continued Operations	7 066	7 066	-
Profit on Sale of Land	-	145 649	(145 649)
	<b>182 080 286</b>	<b>176 075 506</b>	<b>6 004 780</b>

No prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated.

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Government Grants	Fines	Licences and Permits	Agency Services
<b>Balance previously reported</b>	<b>87 831 249</b>	<b>31 370 047</b>	<b>2 644 793</b>	<b>-</b>
Reallocation of Item 2-15-1510, Fines - Pre-paid Meters		5 000		
Reallocation of Item 2-11-3301, Licences - Direct Income			(2 219 476)	2 219 476
Reallocation of Item 2-11-3310, Licences - Testing Grounds			(483 020)	483 020
Reallocation of Item 2-15-0601, Cash Surplus			57 703	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp's behalf for the year ended 30 June 2015	(189 824)			
DWAF - Amount recognised as revenue limited to grants received.	(1 550 891)			
<b>Restated Balance now reported</b>	<b>86 090 533</b>	<b>31 375 047</b>	<b>-</b>	<b>2 702 496</b>
				<b>Property Rates</b>
<b>Balance previously reported</b>				<b>8 683 903</b>
Correction of rates on government accounts in 2016 affecting rates revenue for the year ended 30 June 2015.				1 714 302
<b>Restated Balance now reported</b>				<b>10 398 205</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Service Charges</b>	<b>Rental of Facilities</b>	<b>Other Income</b>	<b>Profit on Sale of Land</b>
<b>Balance previously reported</b>	<b>50 147 343</b>	<b>70 421</b>	<b>682 795</b>	<b>-</b>
Reallocation of Item 1-15-1510, Free Basic Electricity	(4 808 650)			
Reallocation of Item 1-26-0901, Departmental Electricity	(1 047 982)			
Reallocation of Item 1-26-0910, Departmental Refuse	(27 058)			
Reallocation of Item 1-26-0915, Departmental Water	(12 396)			
Reallocation of Item 1-26-0920, Departmental Sewerage	(26 412)			
Reallocation of Item 2-15-0625, Connection Fees - Elect	1 466		(1 466)	
Reallocation of Item 2-15-0630, Connection Fees - Water	6 045		(6 045)	
Reallocation of Item 2-15-5101, Re-connection Fees	300		(300)	
Reallocation of Item 2-06-3301, Rental - Land		13 892	(13 892)	
Reallocation of Item 2-15-5420, Selling of Stands			(152 000)	152 000
Reallocation of Item 2-15-1510, Fines - Pre-paid Meters			(5 000)	
Reallocation of Item 2-15-3670, Med Aid - Continued Members			(91 434)	
Recognition of payments received in advance as at 30 June 2015 - Pre-paid electricity	(26 138)			
Recognition of payments received in advance as at 30 June 2015 - Hall rentals		(260)		
Recognition of payments received in advance as at 30 June 2015 - Vodacom Land rental		(441)		
Straight-lining of rent received for land for the year ended 30 June 2015 - Vodacom		1 613		
Debtor raised for rental income from municipal building for the year ended 30 June 2015 - Home Affairs		12 600		
Straight-lining of rent received for municipal building for the year ended 30 June 2015 - Home Affairs		640		
Creditor raised for over payment of rental income from Dr Kenneth Kaunda District municipality for the year ended 30 June 2015.		(15 149)		
Correction of rental income from Dr Kenneth Kaunda District Municipality - June 2014 instalment paid in 2014/15 financial year.		(5 500)		
Straight-lining of rent received for municipal building for the year ended 30 June 2015 - Dr Kenneth Kaunda District municipality		1 763		
Correction of insurance control vote as at 30 June 2015 - Insurance claims received recognised as revenue.			15 083	
Cost of Investment Property sold debited against proceeds on disposal				(6 351)
<b>Restated Balance now reported</b>	<b>44 206 518</b>	<b>79 578</b>	<b>427 742</b>	<b>145 649</b>

### 43.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	<b>Prior Year 2014/15 Expenditure</b>	<b>Current Year 2014/15 Expenditure</b>	<b>Restated Amount</b>
Employee Related Costs	40 922 359	43 988 354	(3 065 996)
Remuneration of Councillors	3 383 679	3 399 503	(15 824)
Depreciation and Amortisation	26 040 335	40 337 770	(14 297 434)
Impairment Losses	5 440 079	66 446 896	(61 006 816)
Repairs and Maintenance	4 827 333	4 907 087	(79 754)
Finance Costs	5 527 476	6 745 537	(1 218 060)
Provisions	68 561 285	-	68 561 285
Bulk Purchases	38 812 621	38 812 621	-
Contracted Services	6 482 405	6 596 613	(114 208)
Grants and Subsidies Paid	-	422 635	(422 635)
General Expenses	22 853 696	15 389 534	7 464 162
Surplus / (Deficit) for the Year	(40 770 983)	(50 971 043)	10 200 061
	<b>182 080 286</b>	<b>176 075 506</b>	<b>6 004 780</b>



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Remuneration Councillors	Employee Costs	Impairment Losses	Depreciation & Amortisation
<b>Balance previously reported</b>	<b>3 383 679</b>	<b>40 922 359</b>	<b>5 440 079</b>	<b>26 040 335</b>
Reallocation of Item 1-01-5101, Redemption of Leave		692 290	-	
Reallocation of Item 1-15-1240, Employees Assistance		(42 872)		
Reallocation of Item 1-15-3670, Med Aid - Continued Members		405 201		
Reallocation of Item 1-15-5405, Skills Development Levy		386 996		
Reallocation of Item 1-18-0605, Post-employment Benefits		(641 000)		
Reallocation of Item 2-15-3670, Med Aid - Continued Members		(91 434)		
Adjustment of Debt Impairment under provided			37 198 394	
Allocation correction of subsistence allowance paid to the Mayor	15 824			
Correction of the balance of the Provision for LSA as at 30 June 2015		(471 829)		
Correction of leave provision which was incorrectly based on daily rate excluding benefits.		1 101 794		
Provision for service bonuses - movement for the year ended 30 June 2015		84 957		
Recognition of Debt impairment on Traffic Fine debtors			23 808 422	
Correction of the provision for Post Employment Medical Aid as at 30 June 2015 according to revised valuation.		1 641 893		
Write-back of depreciation on PPE as per 2015 AFS				(26 040 335)
Recognition of PPE additions as per new Asset Register				40 408 567
Correction of depreciation as at 30 June 2015 - movable assets				
				(70 798)
<b>Restated Balance now reported</b>	<b>3 399 503</b>	<b>43 988 354</b>	<b>66 446 896</b>	<b>40 337 770</b>

	Repairs & Maintenance	Finance Costs	Provisions
<b>Balance previously reported</b>	<b>4 827 333</b>	<b>5 527 476</b>	<b>68 561 285</b>
Reallocation of Item 1-01-5101, Redemption of Leave			(692 290)
Reallocation of Item 1-15-0905, Dumping Site Rehabilitation	67 868 994		(67 868 994)
Reallocation of Item 1-15-4501, Paint - Traffic Markings	19 051		
Reallocation of Item 1-15-4560, Penalty Fees		768 173	
Adjustment of DBSA loan to account for interest in arrears		437	
Correction of the provision for Rehabilitation of landfill site which was incorrectly expensed for the year ended 30 June 2015.	(67 868 994)		
Recognition of Interest Accrued on Landfill site provision		413 455	
Recognition of Interest on Finance Lease Liability		47 872	
Reversal of interest - Year end creditors: WCA		(11 877)	
Difference between 2015 PPE additions per Venus and additions per new Asset Register.	60 702		
<b>Restated Balance now reported</b>	<b>4 907 087</b>	<b>6 745 537</b>	<b>-</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Contracted Services	Grants & Subsidies Paid	General Expenses
<b>Balance previously reported</b>	<b>6 482 405</b>	<b>-</b>	<b>22 853 696</b>
Reallocation of Item 1-15-6301, Valuation Cost	102 288		(102 288)
Reallocation of Item 1-15-6610, Website Development	11 920		(11 920)
Reallocation of Item 1-15-1230, Youth Units		17 800	(17 800)
Reallocation of Item 1-15-1805, Gender Programmes		20 492	(20 492)
Reallocation of Item 1-15-3345, Library Programmes		171 385	(171 385)
Reallocation of Item 1-15-4502, Disabled People		7 100	(7 100)
Reallocation of Item 1-15-5420, Art, Cultural & Sport Activities		205 858	(205 858)
Reallocation of Item 1-15-1240, Employees Assistance			42 872
Reallocation of Item 1-15-3670, Med Aid - Continued Members			(405 201)
Reallocation of Item 1-15-5405, Skills Development Levy			(386 996)
Reallocation of Item 1-18-0605, Post-employment Benefits			641 000
Reallocation of Item 1-15-4501, Paint - Traffic Markings			(19 051)
Reallocation of Item 1-15-4560, Penalty Fees			(768 173)
Reallocation of Item 1-15-1510, Free Basic Electricity			(4 808 650)
Reallocation of Item 1-26-0901, Departmental Electricity			(1 047 982)
Reallocation of Item 1-26-0910, Departmental Refuse			(27 058)
Reallocation of Item 1-26-0915, Departmental Water			(12 396)
Reallocation of Item 1-26-0920, Departmental Sewerage			(26 412)
Reallocation of Item 2-15-0601, Cash Surplus			57 703
Allocation correction of subsistence allowance paid to the Mayor			(15 824)
Allocation correction of Finance lease instalments against finance lease liability.			(143 789)
Correction of payable from exchange transactions which was not reversed in 2014/15 financial year.			(4 346)
Correction of water inventory as at 30 June 2015			(3 017)
<b>Restated Balance now reported</b>	<b>6 596 613</b>	<b>422 635</b>	<b>15 389 534</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**43.4 Reclassification of Statement of Financial Position**

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	<b>Prior Year 2014/15 Balance</b>	<b>Current Year 2014/15 Balance</b>	<b>Restated Amount</b>
<b>Current Assets</b>			
Inventories	3 068 546	3 163 363	(94 817)
Receivables from Exchange Transactions	44 882 147	15 353 373	29 528 774
Receivables from Non-exchange Transactions	68 594 266	50 467 519	18 126 747
VAT Receivable	12 565 315	11 659 460	905 855
Cash and Cash Equivalents	42 759	76 615	(33 856)
Operating Lease Receivables	-	10 775	(10 775)
<b>Non-Current Assets</b>			
Property, Plant and Equipment	476 650 116	642 565 421	(165 915 305)
Intangible Assets	62 844	66 908	(4 064)
Investment Property	44 141 199	31 552 603	12 588 596
Heritage Assets	-	8 428 759	(8 428 759)
Non-current Investments	210 509	210 509	-
<b>Current Liabilities</b>			
Consumer Deposits	(1 280 315)	(1 280 315)	-
Provisions	-	(604 758)	604 758
Payables from Exchange Transactions	(109 485 483)	(116 411 358)	6 925 876
Payables from Non-exchange Transactions	-	(162 063)	162 063
Unspent Conditional Grants and Receipts	(13 830 594)	(15 381 485)	1 550 891
Bank Overdraft	-	(33 856)	33 856
Current Portion of Long-term Liabilities	-	(207 888)	207 888
<b>Non-Current Liabilities</b>			
Long-term Liabilities	(411 629)	(261 714)	(149 915)
Retirement Benefit Liabilities	(3 337 000)	(13 809 609)	10 472 609
Non-current Provisions	(72 846 684)	(4 821 296)	(68 025 389)
<b>Net Assets</b>			
Accumulated Surplus / (Deficit)	(449 025 996)	(610 580 965)	161 554 969
	<u>-</u>	<u>0</u>	<u>(0)</u>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables: Exchange	Receivables: Non-exchange	Cash Equivalents
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>35 567 732</b>	<b>9 540 293</b>	<b>9 285 768</b>
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts in debit	148 755	(137 622)	
Accounting for fines receivable as at 30 June 2014		18 451 016	
Recognition of debt impairment on Traffic Fines		(13 958 468)	
Recognition of debtor for rent receivable as at 30 June 2014 - Home Affairs	6 840		
Correction of rental income from Dr Kenneth Kaunda District Municipality as at 30 June 2014 - June 2014 instalment raised as a debtor	5 500		
Correction of rates on government & other accounts in 2016 affecting rates revenue up to 30 June 2014		21 307 603	
<b>Balances now published per AFS as at 30 June 2014</b>	<b>35 728 827</b>	<b>35 202 822</b>	<b>9 285 768</b>
Transactions incurred for the Year 2014/15	9 314 414	59 053 973	(9 243 009)
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts in debit	(81 391)	4 262 048	
Reallocation of Vote 9000-02-7-08-0104, FNB Main Account			33 856
Reallocation of Vote 9000-02-7-05-0107, Dept of Safety in credit		74 866	
Reversal of fines receivable as at 30 June 2014 against appropriations 2015		(18 451 016)	
Adjustment of Debt Impairment under provided	(29 617 341)	(7 581 054)	
Recognition of Debt impairment on Traffic Fine debtors		(23 808 422)	
Recognition of debtor for rent receivable as at 30 June 2015 - Home Affairs	14 364		
Correction of rental income from Dr Kenneth Kaunda District Municipality - June 2014 instalment paid in 2015 financial year	(5 500)		
Correction of rates on government & other accounts in 2016 affecting rates revenue for the year ended 30 June 2015		1 714 302	
<b>Balances now published per AFS as at 30 June 2015</b>	<b>15 353 373</b>	<b>50 467 519</b>	<b>76 615</b>
	<b>Inventories</b>	<b>VAT Receivable</b>	<b>Lease Receivables</b>
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>24 268 020</b>	<b>11 359 003</b>	<b>-</b>
Recognition of debtor due to straight-lining of rent received for land - Vodacom			6 139
Recognition of debtor due to straight-lining of rent received for building - Home Affairs			620
Recognition of Output VAT on rent receivable as at 30 June 2014 - Home Affairs		(840)	
Correction of VAT on rent received from Dr Kenneth Kaunda District Municipality as at 30 June 2014.		(4 189)	
VAT over claimed during the period June 2012 to June 2014 as per SARS audit		(901 183)	
Correction of Property Stock as per Council approved stock list	91 800		
<b>Balances now published per AFS as at 30 June 2014</b>	<b>24 359 820</b>	<b>10 452 792</b>	<b>6 759</b>
Transactions incurred for the Year 2014/15	(21 199 474)	1 206 312	-
Recognition of debtor due to straight-lining of rent received for land - Vodacom			1 613
Recognition of debtor due to straight-lining of rent received for building - Home Affairs			640
Recognition of Output VAT on rent receivable as at 30 June 2015 - Home Affairs		(1 764)	
Correction of VAT on overpayment of rent from Dr Kenneth Kaunda District Municipality for the year ended 30 June 2015.		2 121	
Recognition of debtor due to straight-lining of rent received for building - Dr Kenneth Kaunda District Municipality			1 763
Correction of water inventory as at 30 June 2015	3 017		
<b>Balances now published per AFS as at 30 June 2015</b>	<b>3 163 363</b>	<b>11 659 460</b>	<b>10 775</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Heritage Assets	Property, Plant & Equipment	Intangible Assets	Investment Property
<b>Balances previously published per AFS as at 30 June 2014</b>	-	482 676 938	251 495	44 141 199
Adjustment of accumulated depreciation to agree with Accounting system as at 30 June 2014		1 686 084		
2015 Appropriations accounted for as at 30 June 2014		(8 227 489)	(251 494)	
Write-back of carrying value of PPE as per 2015 AFS		(476 135 533)		
Write-back of carrying value of Investment Property as per 2015 AFS.				(44 141 199)
Recognition of carrying value of PPE as per new Asset Register.		657 003 381		
Recognition of carrying value of Investment Property as per new Asset Register.				29 586 125
Recognition of carrying value of Intangible Assets as per new Asset Register.			66 907	
Recognition of carrying value of Heritage Assets as per new Asset Register.	8 676 129			
Correction of Heritage assets incorrectly included in Asset Register	(327 968)			
Correction of Investment Property not included in Asset Register				1 972 829
Correction of Land not included in Asset Register		278 771		
Correction of PPE-items incorrectly capitalised @ deemed cost instead of actual cost		(926 219)		
Correction of Accumulated depreciation as at 30 June 2014 - movable assets		70 798		
<b>Balances now published per AFS as at 30 June 2014</b>	<b>8 348 161</b>	<b>656 426 730</b>	<b>66 908</b>	<b>31 558 954</b>
Transactions incurred for the Year 2014/15	-	514 583	62 843	-
Write-back of depreciation on PPE as per 2015 AFS		26 040 335		
Recognition of depreciation on PPE as per new Asset Register		(40 408 567)		
Write-back of PPE additions as per 2015 AFS		(26 554 918)		
Recognition of PPE additions as per new Asset Register	80 598	26 476 460		
Cost of Investment Property sold debited against proceeds on disposal				(6 350.60)
Write-back of Intangibe Asset additions as per 2015 AFS			(62 843)	
Correction of depreciation as at 30 June 2015 - movable assets		70 798		
<b>Balances now published per AFS as at 30 June 2015</b>	<b>8 428 759</b>	<b>642 565 421</b>	<b>66 908</b>	<b>31 552 603</b>

	Consumer Deposits	Provisions
<b>Balances previously published per AFS as at 30 June 2014</b>	(1 152 332)	-
<b>Balances now published per AFS as at 30 June 2014</b>	(1 152 332)	-
Transactions incurred for the Year 2014/15	(127 983)	-
Transfer of current portion of Post Employment Medical Aid and Long Service Awards as at 30 June 2015 to current liabilities.		(604 758)
<b>Balances now published per AFS as at 30 June 2015</b>	<b>(1 280 315)</b>	<b>(604 758)</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Unspent Grants	Long-term Liabilities	Payables: Exchange	Payables: Non-exchange
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>(12 041 165)</b>	<b>(545 551)</b>	<b>(88 459 222)</b>	<b>(2 592 566)</b>
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts			(11 133)	
Reclassify Vote 9000-01-3-04-0708, Deposit Account			10 138	(10 138)
Provision for service bonuses as at 30 June 2014			(644 199)	
Recognition of Finance Lease Liability as at 30 June 2014		(153 453)		
Recognition of payments received in advance as at 30 June 2014 - Pre-paid electricity			(157 857)	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp's behalf as at 30 June 2014.			(190 943)	
Correction of the balance payable to Department of Community Safety and Transport Management as at 30 June 2014.				(76 138)
Recognition of payments received in advance as at 30 June 2014 - Vodacom land rentals			(8 820)	
Correction of rental income from DR KKDM as at 30 June 2015.			6 611	
Correction of a creditors which was over & under provided for as at 30 June 2014.			458 356	
Correction of insurance control vote as at 30 June 2014.			5 837	
Year-end creditor correction: Auditor General			(5 195)	
Year-end creditor correction: Department of Water			312 702	
Year-end creditor correction: ESKOM			20 820	
Creditor raised for Dr Kenneth Kaunda District municipality for Eskom deposit and connection fees paid on Ventersdorp's behalf in December 2011.			(1 153 080)	
<b>Balances now published per AFS as at 30 June 2014</b>	<b>(12 041 165)</b>	<b>(699 004)</b>	<b>(89 815 984)</b>	<b>(2 678 842)</b>
Transactions incurred for the Year 2014/15	(1 789 428)	133 922	(21 026 261)	2 592 566
Reallocation of Votes 9000-03-9-03-XXXX, Suspense Accounts			(4 180 656)	
Reclassify Vote 9000-01-3-04-0708, Deposit Account			921	(921)
Reallocation of Vote 9000-02-7-05-0107, Dept of Safety in credit				(74 866)
Adjustment of DBSA loan to account for interest in arrears		(437)		
Correction of leave provision which was incorrectly based on daily rate excluding benefits.			(1 101 794)	
Provision for service bonuses - movement for the year ended 30 June 2015			(84 957)	
Accounting for current portion of Long-term liabilities		150 352		
Accounting for current portion of finance lease liabilities		57 536		
Accounting for capital redemption on Finance Lease liabilities		95 918		
Recognition of payments received in advance as at 30 June 2015 - Pre-paid electricity			(26 138)	
Recognition of payments received in advance as at 30 June 2015 - Building plans			(260)	
Creditor raised for Dr Kenneth Kaunda District municipality for DBSA instalments paid on Ventersdorp's behalf for the year ended 30 June 2015			(189 824)	
Recognition of payments received in advance as at 30 June 2015 - Vodacom land rentals			(441)	
Correction of rental income from DR KKDM as at 30 June 2015.			(17 270)	
Reversal of interest - Year end creditors: WCA			11 877	
DWAF - Amount recognised as revenue limited to grants received.	(1 550 891)			
Correction of payable from exchange transactions which was not reversed in 2014/15 financial year.			4 346	
Correction of insurance control vote as at 30 June 2015.			15 083	
<b>Balances now published per AFS as at 30 June 2015</b>	<b>(15 381 485)</b>	<b>(261 714)</b>	<b>(116 411 358)</b>	<b>(162 063)</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	Current portion of LT liabilities	Bank Overdraft	Retirement Benefits	Non-current Provisions
<b>Balances previously published per AFS as at 30 June 2014</b>				
Reclassify Provision for Long-service Awards		-	(3 978 000)	(4 741 690)
Correction of the provision for rehabilitation of landfill site		-	(2 448 000)	2 448 000
Correction of the provision for Post Employment Medical Aid as at 30 June 2014 to include in-service members whose liability was not recognised in prior year valuations.			(7 223 303)	(2 114 150)
<b>Balances now published per AFS as at 30 June 2014</b>		-	<b>(13 649 303)</b>	<b>(4 407 840)</b>
Transactions incurred for the Year 2014/15		-	641 000	(68 104 994)
Reallocation of Vote 9000-02-7-08-0104, FNB Main Account		(33 856)		
Reclassify Provision for Long-service Awards		-	(236 000)	236 000
Correction of the balance of the Provision for LSA as at 30 June 2015			471 829	
Write-back of the provision for Rehabilitation of landfill site which was incorrectly expensed for the year ended 30 June 2015.				67 868 994
Accounting for current portion of Long-term liabilities	(150 352)			
Recognition of Interest on Landfill site provision				(413 455)
Accounting for current portion of finance lease liabilities	(57 536)			
Correction of the provision for Post Employment Medical Aid as at 30 June 2015 according to revised valuation.			(1 641 893)	
Transfer of current portion of Post Employment Medical Aid and Long Service Awards as at 30 June 2015 to current liabilities.			604 758	
<b>Balances now published per AFS as at 30 June 2015</b>	<b>(207 888)</b>	<b>(33 856)</b>	<b>(13 809 609)</b>	<b>(4 821 296)</b>

Opening balances and prior year amounts of the following items have also been restated as indicated below:

	Unauthorised Expenses	Fruitless & wasteful expenses	Irregular Expenses
<b>Balances previously published per AFS as at 30 June 2014</b>	<b>47 158 724</b>	<b>37 487 203</b>	<b>115 177 949</b>
Corrections as per audit findings	(249 538)		3 793 511
<b>Balances now published per AFS as at 30 June 2014</b>	<b>46 909 186</b>	<b>37 487 203</b>	<b>118 971 460</b>
Transactions incurred as reported in prior year	61 901 116	5 595 452	128 825
Correction of unauthorised expenses according to Appendix D as per municipal vote	38 793 915		
Correction of fruitless and wasteful expenditure to agree with expenses as per General Ledger		632 637	
Correction of Irregular expenses as per audit findings & irregular expense register			3 576 670
<b>Balances now published per AFS as at 30 June 2015</b>	<b>147 604 216</b>	<b>43 715 292</b>	<b>122 676 955</b>

**Contingent Liabilities**

**Balances previously published per AFS as at 30 June 2014:**

Breach of Contracts in respect of contractual agreements in various incidents	12 000 000
Claims by individuals due to damage of property I various incidents	1 280 515
Probable legal cost to be incurred for various matters being handled by various attorneys	7 782 326
Rental of Agreement Breached	10 000 000

**Restated amount as per note 54.1**

Unlawful enrichment cases has been adjusted according to loan confirmations received from Inca  
Other cases have been adjusted according to attorneys estimates.

<b>31 062 841</b>
12 000 000
1 280 515
7 782 326
10 000 000
<b>40 579 450</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Contingent Assets**

Balances previously published per AFS as at 30 June 2015:	-
Restated amount as per note 54.1 according to attorneys estimates	<u><u>24 500 000</u></u>

**Commitments**

Balances previously published per AFS as at 30 June 2015:	15 888 761
Correction of overstatement to agree with commitment register	(5 379 055)
Restated balance as at 30 June 2015 as per note 50	<u><u>10 509 706</u></u>

**Related party transactions**

The following corrections have been made:

The 2015 Annual Financial Statements incorrectly disclosed loans payable to key management and close family members which was removed.

Services rendered to Related parties and additional disclosures have been included in note 53.



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**44 CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	(15 495 781)	(50 971 043)
Adjustment for:		
Appropriations in 2014/15	-	(1)
Depreciation and Amortisation	42 355 045	40 337 770
Profit on Sale of Land	-	(145 649)
Contribution to Post-retirement Health Care Benefits	2 779 138	1 000 893
Contribution to Long Service Awards Liability	87 884	(235 829)
Contribution to Provisions - Non-current	452 238	413 455
Contribution to Impairment Provision	51 536 524	66 446 896
<b>Operating surplus before working capital changes</b>	<b>81 715 048</b>	<b>56 846 491</b>
Decrease/(Increase) in Inventories	220 567	(523 004)
Decrease/(Increase) in Receivables from Exchange Transactions	(12 556 053)	(18 302 449)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(7 211 871)	(46 772 969)
Decrease/(Increase) in VAT Receivable	5 838 905	(2 333 118)
Decrease/(Increase) in Operating Lease Assets	(1 144)	(4 016)
Increase/(Decrease) in Consumer Deposits	2 468	127 983
Increase/(Decrease) in Payables from Exchange Transactions	4 964 443	27 417 080
Increase/(Decrease) in Payables from Non-exchange Transactions	(151 371)	(2 397 983)
Increase/(Decrease) in Conditional Grants and Receipts	(14 818 119)	3 340 319
<b>Cash generated by / (utilised in) Operations</b>	<b>58 002 874</b>	<b>17 398 335</b>

**45 NON-CASH INVESTING AND FINANCING TRANSACTIONS**

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2015/16 financial year.

**46 FINANCING FACILITIES**

The municipality did not have any Financing Facilities available at any time during the two financial years.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**47 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term Liabilities (See Note 18)	261 714	469 601
Used to finance Property, Plant and Equipment - at cost	(261 714)	(469 601)
Sub-total	-	-
Cash set aside for the Repayment of Long-term Liabilities (See Notes 6 and 12)	-	-
<b>Cash invested for Repayment of Long-term Liabilities</b>	<b>-</b>	<b>-</b>

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

**48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**48.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure:

<b>Opening balance</b>		47 158 724
Adjusted for:		
- Corrections per audit findings		(249 538)
Restated balance	147 604 216	46 909 186
Unauthorised Expenditure current year	62 811 174	100 695 031
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 56)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
<b>Unauthorised Expenditure awaiting authorisation</b>	<b>210 415 390</b>	<b>147 604 216</b>

Incident	Disciplinary Steps / Criminal Proceedings
<b>2014:</b>	
Corrections per audit findings - Unauthorised expenses 2012/13 understated by R 2,488,407	
Corrections per audit findings - Unauthorised expenses 2013/14 overstated by (R 2,737,945)	
<b>2015 &amp; 2016:</b>	
Budgeted votes exceeded:-	
- Executive and Council - R6 675 757 (2015: R2 492 629)	To be condoned by Council
- Budget and Treasury Office - R20 106 727 (2015: R73 993 652)	To be condoned by Council
- Public Safety - R34 531 714 (2015: R23 826 486)	To be condoned by Council
- Planning and Development - R708 263 (2015: R0)	To be condoned by Council
- Electricity - R26 371 (2015: R0)	To be condoned by Council
- Waste Management - R372 735 (2015: R382 263)	To be condoned by Council
- Waste Water Management - R389 605 (2015: R0)	To be condoned by Council

**48.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful expenditure:

<b>Opening balance</b>	43 715 292	37 487 203
Fruitless and Wasteful Expenditure current year	7 711 848	6 228 089
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 56)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
<b>Fruitless and Wasteful Expenditure awaiting condonement</b>	<b>51 427 140</b>	<b>43 715 292</b>

Incident	Disciplinary Steps / Criminal Proceedings
Interest on late payment - Various Creditors - R7 711 848 (2015: R6 228 089)	To be submitted to Council

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**48.3 Irregular Expenditure**

Reconciliation of Irregular Expenditure:

<b>Opening balance previously reported</b>		115 177 949
Adjustments:		
- Appointment of director of LED & Planning		845 271
- Corrections per audit findings		2 948 240
<b>Restated balance</b>	122 676 955	118 971 460
Irregular Expenditure current year	41 692 498	3 705 495
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 56)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
<b>Irregular Expenditure awaiting condonement</b>	<b>164 369 453</b>	<b>122 676 955</b>

Incident	Disciplinary Steps / Criminal Proceedings
<b>2014:</b>	
Appointment of director of LED & Planning declared null and void R 845,271.10	Under Investigation. To be submitted to Council for condonement.
Corrections per audit findings - Irregular expenses 2012/13 understated by R 2,948,240	Under Investigation. To be submitted to Council for condonement.
<b>2015:</b>	
Appointment of director of LED & Planning declared null and void R 902,665	Under Investigation. To be submitted to Council for condonement.
Expenditure contrary to SCM Processes as described as per working papers - R2 802 830	Under Investigation. To be submitted to Council for condonement.
<b>2016:</b>	
Appointment of director of LED & Planning declared null and void R 899,266.66	Under Investigation. To be submitted to Council for condonement.
Expenditure contrary to SCM Processes as described as per working papers - R35 568 182 (2015: R2 802 830)	Under Investigation. To be submitted to Council for condonement.
Corrections per audit findings - Communication 78 - R 5,225,050	

**49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**49.1 Contributions to organised local government - SALGA**

Opening Balance	-	-
Council Subscriptions	500 000	500 000
Amount Paid - current year	(500 000)	(500 000)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**49.2 Audit Fees**

Opening Balance	-	-
Current year Audit Fee	3 124 948	3 044 459
Amount Paid - current year	(3 124 948)	(3 044 459)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**49.3 VAT**

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

**49.4 PAYE, Skills Development Levy and UIF**

Opening Balance	-	-
Current year Payroll Deductions	5 003 724	6 095 467
Amount Paid - current year	(5 003 724)	(6 095 467)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**49.5 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	12 300 060	11 439 453
Amount Paid - current year	(12 300 060)	(11 439 453)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**49.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

<b>30 June 2016</b>		<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Executive Mayor	CN Phoyane	6 182	1 479	4 703
Councillor	NS Moabi	89	89	-
Councillor	MW Matinyane	13 989	630	13 358
Councillor	VW Qankase	3 423	637	2 786
Councillor	M Matinyane	14 070	655	13 416
Councillor	MT Motshabi	623	623	-
Councillor	JL Links	7 064	651	6 413
Councillor	JM Matome	107	107	-
<b>Total Councillor Arrear Consumer Accounts</b>		<b>45 546</b>	<b>4 870</b>	<b>40 675</b>

<b>30 June 2015</b>		<b>Total</b>	<b>Outstanding up to 90 days</b>	<b>Outstanding more than 90 days</b>
Executive Mayor	CN Phoyane	556	556	-
Councillor	AL Jones	268	161	107
Councillor	NS Moabi	248	248	-
Councillor	MW Matinyane	11 582	592	10 990
Councillor	VW Qankase	207	207	-
Councillor	M Matinyane	12 200	620	11 580
Councillor	MT Motshabi	1 742	997	745
Councillor	JL Links	18 867	616	18 251
Councillor	JM Matome	868	868	-
<b>Total Councillor Arrear Consumer Accounts</b>		<b>46 539</b>	<b>4 866</b>	<b>41 674</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**49.7 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Council General	Year 2015/16	Various occasions (21)	Various reasons like preferred & sole supplier & emergency, etc.	334 064.90
21 Occasions during the financial year procuring various services amounting to R 334,112.78				
Office of the Mayor	Year 2015/16	One occasions (1)	Sole supplier	9 103.94
1 Occasion during the financial year procuring various services amounting to R 9,103.94				
Director Finance	Year 2015/16	Various occasions (2)	Urgent need for barcodes and emergency repair to network and internet connection.	42 945.50
2 Occasions during the financial year procuring various services amounting to R 42,945.50				
Engineering Services- Public Works	Year 2015/16	Various occasions (2)	Sole Supplier for repair work	13 960.13
2 Occasions during the financial year procuring various services amounting to R 13,960.13				
Engineering Services- Parks	Year 2015/16	One occasions (1)	Sole Supplier for repair work	33 994.80
1 Occasion during the financial year for repairs amounting to R 33,944.80				
Engineering Services- Sewerage	Year 2015/16	Various occasions (7)	Urgent repairs to water and sewer network	150 335.20
7 Occasions during the financial year for urgent repairs to water & sewer network amounting to R 150,335.20				
Engineering Services- Electricity	Year 2015/16	Various occasions (7)	Urgent repairs to electricity network and Sole Supplier	139 662.61
7 Occasions during the financial year for urgent repairs to electricity network & sole supplier amounting to R 139,662.61				
Public Safety - Traffic	Year 2015/16	One occasions (1)	Sole Supplier for repair work	2 856.65
1 Occasion during the financial year for repairs amounting to R 2,856.65				
Community services - Library	Year 2015/16	One occasions (1)	Sole supplier	32 319.00
1 Occasions during the financial year amounting to R 32,319.00				
Engineering Services- Water	Year 2015/16	One occasions (3)	Sole supplier of chlorine	75 350.18
1 Occasions during the financial year amounting to R 75,350.18				

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**49.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA**

Material Electricity and Water Losses were as follows and are not recoverable:

**Electricity:**

		<b>Lost Units</b>	<b>Tariff</b>	<b>Value</b>
<b>30 June 2016</b>	Unaccounted Electricity Losses	<u>18 119 992</u>	<u>1.1469</u>	<u>20 780 917</u>
<b>30 June 2015</b>	Unaccounted Electricity Losses	<u>8 756 834</u>	<u>1.0166</u>	<u>8 902 249</u>

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	<b>2016 R</b>	<b>2015 R</b>
<b>Volumes in kWh/year:</b>		
System Input Volume	50 279 901	41 862 820
Billed Consumption	32 159 909	33 105 986
Distribution Loss	18 119 992	8 756 834
Percentage Distribution Loss	36.04%	20.92%

**Water:**

		<b>Lost Units</b>	<b>Tariff</b>	<b>Value</b>
<b>30 June 2016</b>	Unaccounted Water Losses	<u>15 399 807</u>	<u>0.0250</u>	<u>384 995</u>
<b>30 June 2015</b>	Unaccounted Water Losses	<u>10 090 775</u>	<u>0.1975</u>	<u>1 992 870</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	<b>2016 R</b>	<b>2015 R</b>
<b>Volumes in Kl/year:</b>		
System Input Volume	16 340 495	10 890 698
Billed Consumption	940 688	799 923
Distribution Loss	15 399 807	10 090 775
Percentage Distribution Loss	94.24%	92.65%

**50 COMMITMENTS FOR EXPENDITURE**

**50.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

**- Approved and Contracted for:-**

*Infrastructure*

*Investment Properties*

<b>15 206 301</b>	<b>10 509 706</b>
<u>15 206 301</u>	<u>10 509 706</u>
-	-

**- Approved but Not Yet Contracted for:-**

*Infrastructure*

<b>6 122 420</b>	<b>-</b>
<u>6 122 420</u>	<u>-</u>

**Total Capital Commitments**

<b>21 328 721</b>	<b>10 509 706</b>
<u>21 328 721</u>	<u>10 509 706</u>

This expenditure will be financed from:

Government Grants

21 328 721	10 509 706
<u>21 328 721</u>	<u>10 509 706</u>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**50.2 Lease Commitments**

The municipality had no Finance Lease Liabilities and Non-cancellable Operating Lease Commitments as at 30 June 2016.

**50.3 Other Commitments as at 30 June 2016**

The municipality has entered into a contract on 11 July 2006 with Business Connections on an ongoing basis for assistance with the Venus Accounting system. The municipality is charged a fixed amount of R 34,143 per month and an hourly tariff for assistance provided by BCX consultants.

The municipality has entered into a contract on 11 November 2011 with Central Route Trading 316CC for maintenance on the municipality's electrical network. The municipality is charged when maintenance work has been rendered. The contract terminates on 10 February 2017.

The municipality has entered into a contract on 7 December 2011 with Cab Holdings on a month to month basis for the printing of consumer accounts. The municipality is charged approximately R 24,000 per month.

The municipality has entered into a contract on 1 November 1989 with Matsogo Tsaya for meter reading services. The contract was terminated on 31 October 2015 but the municipality is still making use of their services on a month to month basis. The municipality is charged a fixed amount of R 24,179.46 per month.

The municipality has entered into a contract on 31 August 2011 with True technology on a month to month basis for internet services. The municipality is charged a fixed amount of R 5,525 per month.

The municipality has entered into a contract on 27 November with Indlela Data for PABX rental. The municipality paid for the system but is charged a fixed amount of R 28,500 on a monthly basis for services/administration charges.

The municipality has entered into a contract on 2 May 2013 with Mavambo ITS for traffic law enforcement services. The contract was terminated on 2 May 2016 but the municipality is still making use of their services on a month to month basis. The municipality is charged 50% of the income from fines recovered/paid.

The municipality has entered into a contract on 7 February 2012 with Black Snow on a month to month basis for hosting of the municipality's website. The municipality pays a monthly fee of R 182.40.

The municipality has entered into a contract on 1 June 2014 with Protea Coins for cash transit services. The contract was terminated on 30 May 2015 but the municipality is still making use of their services on a month to month basis. The fee amounts to R 2,757.38 per month.

The municipality has entered into a contract on 27 November 2015 with Trompie t/a Hillside Garage for supply of fuel for municipal vehicles. The contract terminates on 27 November 2016.

The municipality has entered into a contract on 27 November 2015 with White Leopard for the provision of security services for a year which will give rise to a total charge of R 3,513,829.92. The contract terminates on 27 November 2016.

The municipality has entered into a contract on 01 July 2014 with Ndlala Valuers for the compilation of the Valuation Roll for 4 years, which will give rise to a total charge of R 1,038,027. The contract terminates on 30 June 2018.

The municipality has entered into a contract on 15 September 2015 for a 3 year period starting on 1 July 2015 with Mabasothe Tax Consultants for submission of the municipality's monthly VAT returns and VAT review for the period from July 2010 to June 2015. The contract terminates on 30 June 2018. The municipality is charged 25% of the total Input VAT claimed per VAT201 return and 25% of any savings derived out of the VAT review for the period July 2010 to June 2015.

The municipality has entered into a contract on 22 April 2016 with Ducharme Consulting (Pty) Ltd for assistance with the compilation of a GRAP compliant asset register and the compilation of the municipality's 2016 Annual Financial Statements, which will give rise to a total charge of R 3,869,502. The contract terminates on 30 November 2016.

The municipality entered into a contract on with Steiner Hygiene for providing hygiene services and products to the municipality. The contract was terminated in prior years but the municipality is still making use of their services on a month to month basis. The municipality is charged a fixed amount of R 30,253.73 per month.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**51 FINANCIAL INSTRUMENTS**

**51.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
<b>Non-current Investments</b>			
Listed Investments - shares	Fair value	65 368	70 830
Unit Trusts - Old Mutual Investment Plan	Fair value	148 751	139 679
<b>Receivables from Exchange Transactions</b>			
Electricity	Amortised cost	9 339 315	10 183 050
Refuse	Amortised cost	1 082 962	853 605
Sewerage	Amortised cost	2 538 503	2 144 686
Water	Amortised cost	1 086 264	765 190
Other Receivables	Amortised cost	977 432	1 406 842
<b>Receivables from Non-exchange Transactions</b>			
Assessment Rates Debtors	Amortised cost	6 724 569	26 121 319
Grant Expenditure Recoverable	Amortised cost	-	14 843 000
Department of Community Safety & Transport Management - Commission on licence fees		830 649	-
Sundry Deposits	Amortised cost	3 590 256	3 366 779
Traffic Fines	Amortised cost	7 871 254	6 136 421
Sundry Debtors	Amortised cost	11 089	-
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	3 205 040	24 028
Bank Balances	Amortised cost	683 907	48 947
Cash Floats and Advances	Fair value	640	3 640
		<b>38 155 997</b>	<b>66 108 016</b>

**SUMMARY OF FINANCIAL ASSETS**

**Financial Assets at Amortised Cost:**

Receivables from Exchange Transactions	Electricity	9 339 315	10 183 050
Receivables from Exchange Transactions	Refuse	1 082 962	853 605
Receivables from Exchange Transactions	Sewerage	2 538 503	2 144 686
Receivables from Exchange Transactions	Water	1 086 264	765 190
Receivables from Exchange Transactions	Other Debtors	977 432	1 406 842
Receivables from Non-exchange Transactions	Assessment Rates Debtors	6 724 569	26 121 319
Receivables from Non-exchange Transactions	Grant Expenditure Recoverable	-	14 843 000
Receivables from Non-exchange Transactions	Sundry Deposits	3 590 256	3 366 779
Receivables from Non-exchange Transactions	Sundry Debtors	8 712 992	6 136 421
Cash and Cash Equivalents	Call Deposits	3 205 040	24 028
Cash and Cash Equivalents	Bank Balances	683 907	48 947
		<b>37 941 238</b>	<b>65 893 867</b>

**Financial Assets at Fair Value:**

Non-current Investments	Listed Investments - Shares	65 368	70 830
Non-current Investments	Unit Trusts - Old Mutual	148 751	139 679
Cash and Cash Equivalents	Cash Floats and Advances	640	3 640
		<b>214 759</b>	<b>214 149</b>
<b>Total Financial Assets</b>		<b>38 155 997</b>	<b>66 108 016</b>



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Annuity Loans	Amortised cost	92 249	261 714
Finance Lease Liabilities	Amortised cost	-	-
<b>Payables from Exchange Transactions</b>			
Trade Creditors	Amortised cost	101 203 260	98 439 494
Retentions	Amortised cost	6 721 567	4 970 670
Other Creditors	Amortised cost	1 907 531	1 771 825
Payments Received In Advance	Amortised cost	5 742 387	4 343 325
Staff Bonuses	Amortised cost	821 446	729 155
Staff Leave	Amortised cost	4 881 892	4 380 774
Suspense Accounts	Amortised cost	97 718	1 776 115
<b>Payables from Non-exchange Transactions</b>			
Sundry Deposits	Amortised cost	10 692	11 059
Other Creditors	Amortised cost	0	151 004
<b>Bank Overdraft</b>			
Bank Overdraft	Amortised cost	-	33 856
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Amortised cost	169 465	150 352
Finance Lease Liabilities	Amortised cost	-	57 536
		<b>121 648 207</b>	<b>117 076 879</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial Liabilities at Amortised Cost:</b>			
Long-term Liabilities	Annuity Loans	92 249	261 714
Payables from Exchange Transactions	Trade Creditors	101 203 260	98 439 494
Payables from Exchange Transactions	Retentions	6 721 567	4 970 670
Payables from Exchange Transactions	Other Creditors	1 907 531	1 771 825
Payables from Exchange Transactions	Payments Received In Advance	5 742 387	4 343 325
Payables from Exchange Transactions	Staff Bonuses	821 446	729 155
Payables from Exchange Transactions	Staff Leave	4 881 892	4 380 774
Payables from Exchange Transactions	Suspense Accounts	97 718	1 776 115
Payables from Non-exchange Transactions	Sundry Deposits	10 692	11 059
Payables from Non-exchange Transactions	Other Creditors	0	151 004
Bank Overdraft	Bank Overdraft	-	33 856
Current Portion of Long-term Liabilities	Annuity Loans	169 465	150 352
Current Portion of Long-term Liabilities	Finance Lease Liabilities	-	57 536
		<b>121 648 207</b>	<b>117 076 879</b>
<b>Total Financial Liabilities</b>		<b>121 648 207</b>	<b>117 076 879</b>

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**51.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

**Cash**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Long-term Investments**

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

**Loan Receivables/Payables**

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**Trade and Other Receivables/Payables**

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

**Other Financial Assets and Liabilities**

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Long-term Liabilities**

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2016, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

**Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities**

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

**Level 1:-**

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

**Level 2:-**

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3:-**

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**30 June 2016**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Listed Investments - Shares	65 368	-	-	65 368
Unit Trusts - Old Mutual Investment Plan	-	148 751	-	148 751
Cash and Cash Equivalents	-	3 640	-	3 640
<b>Total Financial Assets</b>	<b>65 368</b>	<b>152 391</b>	<b>-</b>	<b>217 759</b>
<b>Total Financial Instruments</b>	<b>65 368</b>	<b>152 391</b>	<b>-</b>	<b>217 759</b>

**30 June 2015**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Listed Investments	70 830	-	-	70 830
Unit Trusts - Old Mutual Investment Plan	-	139 679	-	139 679
Cash and Cash Equivalents	-	640	-	640
<b>Total Financial Assets</b>	<b>70 830</b>	<b>140 319</b>	<b>-</b>	<b>211 149</b>
<b>Total Financial Instruments</b>	<b>70 830</b>	<b>140 319</b>	<b>-</b>	<b>211 149</b>

**51.3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2015.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 18, Cash and Cash Equivalents and Equity, which consist of Accumulated Surplus as disclosed in Note 21 and the Statement of Changes in Net Assets.

**Gearing Ratio**

	2016 R	2015 R
The gearing ratio at the year-end was as follows:		
Debt	261 714	503 457
Bank, Cash and Cash Equivalents	(3 889 586)	(76 615)
Net Debt	<u>(3 627 873)</u>	<u>426 843</u>
Equity	<u>595 085 184</u>	<u>610 580 965</u>
<b>Net debt to equity ratio</b>	<b><u>-0.61%</u></b>	<b><u>0.07%</u></b>

Debt is defined as Long- and Short-term Liabilities and the bank overdraft, as detailed in Notes 18 and 6.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**51.4 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**51.5 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 51.8 to the Annual Financial Statements.

**51.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**51.6.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**51.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**51.7 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

<b>Counterparty and Location</b>	<b>30 June 2016</b> <b>Carrying</b> <b>Amount</b> <b>R</b>	<b>30 June 2015</b> <b>Carrying</b> <b>Amount</b> <b>R</b>
ALPHA SPAR K	2 836 831	2 836 831
ALPHA SPAR A	1 432 913	1 432 913
BOUWER TT	1 030 150	-
REPUBLIEK VAN SUID-AFRIKA	857 015	-
RATZEGAAI VARKBOERDERY PTY LTD	819 727	1 355 319
DEPT OPENBARE WERKE HOSPITAAL	-	3 808 304
COETZER GPJ	-	729 904

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Fixed Deposit Investments	214 119	210 509
Receivables from Exchange Transactions	75 133 318	62 577 266
Receivables from Non-exchange Transactions	104 300 303	97 088 433
Bank, Cash and Cash Equivalents	3 889 586	42 759

<b>Maximum Credit and Interest Risk Exposure</b>	<b>183 537 326</b>	<b>159 918 965</b>
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The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	27.10%	18.13%
- Industrial / Commercial	5.95%	6.47%
- National and Provincial Government	6.14%	6.05%
- Other Classes	12.22%	15.09%
Other Debtors:		
- Other not Classified	48.50%	39.70%

<b>Total Credit Risk</b>	<b>99.91%</b>	<b>85.44%</b>
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**Bank and Cash Balances**

ABSA Bank Ltd	121 763	28 980
First National Bank	3 767 183	10 138
Cash Equivalents	640	3 640

<b>Total Bank and Cash Balances</b>	<b>3 889 586</b>	<b>42 759</b>
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**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**51 FINANCIAL INSTRUMENTS (Continued)**

**51.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>30 June 2016</b>	<b>#</b>	<b>%</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>
Non-interest Bearing		0.00%	<b>121 386 493</b>	<b>121 386 493</b>	-	-	-	-
- Payables from Exchange transactions			121 375 801	121 375 801	-	-	-	-
- Payables from Non-exchange transactions			10 692	10 692	-	-	-	-
Fixed Interest Rate Instruments			<b>261 714</b>	<b>82 321</b>	<b>87 144</b>	<b>92 249</b>	-	-
- DBSA		12.00%	92 249	-	-	92 249	-	-
- Short-term Loans			169 465	82 321	87 144	-	-	-
			<b>121 648 207</b>	<b>121 468 814</b>	<b>87 144</b>	<b>92 249</b>	-	-
<b>30 June 2015</b>								
Non-interest Bearing		0.00%	<b>116 573 422</b>	<b>116 573 422</b>	-	-	-	-
- Payables from Exchange transactions			116 411 358	116 411 358	-	-	-	-
- Payables from Exchange transactions			162 063	162 063	-	-	-	-
Variable Interest Rate Instruments			<b>33 856</b>	<b>33 856</b>	-	-	-	-
- Bank Overdraft			33 856	33 856	-	-	-	-
Fixed Interest Rate Instruments			<b>469 601</b>	<b>130 414</b>	<b>77 474</b>	<b>169 465</b>	<b>92 249</b>	-
- DBSA		12.00%	261 714	-	-	169 465	92 249	-
- Short-term Loans			150 352	72 878	77 474	-	-	-
- Finance Lease liability		42.00%	57 536	57 536	-	-	-	-
			<b>117 076 879</b>	<b>116 737 692</b>	<b>77 474</b>	<b>169 465</b>	<b>92 249</b>	-



**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2016</b>								
<b>Non-interest Bearing</b>		<b>0.00%</b>	<b>34 052 932</b>	<b>34 052 932</b>	-	-	-	-
- Trade Receivables from Exchange Transactions			15 024 475	15 024 475	-	-	-	-
- Trade Receivables from Non-exchange Transactions			19 027 816	19 027 816	-	-	-	-
- Cash and Cash Equivalents			640	640	-	-	-	-
<b>Variable Interest Rate Instruments</b>			<b>3 888 946</b>	<b>3 888 946</b>	-	-	-	-
- Call Deposits		6.50%	3 205 040	3 205 040	-	-	-	-
- Bank Account			683 907	683 907	-	-	-	-
			<b>37 941 878</b>	<b>37 941 878</b>	-	-	-	-
<b>30 June 2015</b>								
<b>Non-interest Bearing</b>		<b>0.00%</b>	<b>65 824 532</b>	<b>65 824 532</b>	-	-	-	-
- Trade Receivables from Exchange Transactions			15 353 373	15 353 373	-	-	-	-
- Trade Receivables from Non-exchange Transactions			50 467 519	50 467 519	-	-	-	-
- Cash and Cash Equivalents			3 640	3 640	-	-	-	-
<b>Variable Interest Rate Instruments</b>			<b>72 975</b>	<b>72 975</b>	-	-	-	-
- Call Deposits		6.50%	24 028	24 028	-	-	-	-
- Bank Account			48 947	48 947	-	-	-	-
			<b>65 897 507</b>	<b>65 897 507</b>	-	-	-	-

**51.9 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**52 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R4 871 374 (2015: R4 770 405) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

**DEFINED CONTRIBUTION SCHEMES**

**Municipal Employees Gratuity Fund:**

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The valuation performed as at 30 June 2013 revealed that the market value of the fund was R14 565 (30 June 2012: 12 537) million. The contribution rate payable (7,50% or 9% by the member and 18% or 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2013.

No further information could be obtained.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**National Fund for Municipal Workers**

The last statutory valuation was performed as at 30 June 2014.

The scheme's assets amounted to R9 031,8 (2013: R6 981,5) million at 30 June.

The statutory valuation performed as at 30 June 2014 revealed that the fund had a surplus of R9,3 (30 June 2013: deficit R65,2) million, with a funding level of 100,10% (30 June 2013: 99,07%). The contribution rate paid by the members (9%) and the municipality (22%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

**SALA Pension Fund**

The last statutory valuation was performed as at 1 July 2013.

The scheme's assets amounted to R 10 439.2 (2012: R 8 753.4) million at 30 June, with a funding level of 100%.

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

**South African Municipal Workers Union National Provident Fund:**

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (9%) and Council (18% & 22%) is sufficient to fund the benefits accruing from the fund in the future. The latest actuarial valuation on this fund which was performed for the year ended 30 June 2008, certified that the fund is in a sound financial state. There are 25,993 members and the total assets amount to R 2,456 million, with a funding level of 100%.

None of the above mentioned plans are State Plans.

**53 RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

**53.1 Related Party relationships**

**Councillors:**

<b>Ward</b>	<b>Surname</b>	<b>Initials</b>
1	Matome	JM
2	Motshabi	MT
3	Motladiile	MJ
4	Matinyane	M
5	Mjulen	MJ
6	Qankase	VW
Executive Mayor	Phoyane	CN
Proportional	Mogwata	CN
Proportional	Moabi	NS
Proportional	Links	JL
District	Matinyane	MW

**Directors:**

	<b>Surname</b>	<b>Initials</b>
Acting Municipal Manager	Moruti	MI
Acting Chief Financial officer	Kgosiemang	CWK
Acting Executive Director Corporate & Human Resources	Nzimankulu	MW
Acting Executive Director Strategic Planning	Marx	W
Executive Director Engineering Services	Moremedi	OG
Executive Director Community Development	Mosepele	BMB

**Other:**

	<b>Surname</b>	<b>Initials</b>
Administrator	Mokgwamme	M

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**53.2 Services rendered to Related Parties**

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
--	-----------------------	-------------------------	------------------------	------------------------------

**For the Year ended 30 June 2016**

Councillors	3 621	25 404	25 055	45 546
Municipal Manager and Section 57 Personnel	7 830	35 259	540	6 964

<b>Total Services</b>	<b>11 451</b>	<b>60 662</b>	<b>25 595</b>	<b>52 510</b>
-----------------------	---------------	---------------	---------------	---------------

**Councillors:**

Councillor: Ward 1	JM Matome	270	2 374	5 935	107
Councillor: Ward 2	MT Motshabi	815	3 544	14 160	623
Councillor: Ward 4	M Matinyane	92	2 378	560	14 070
Councillor: Ward 6	VW Qankase	97	6 282	-	3 423

Executive Mayor	CN Phoyane	1 596	3 676	-	6 182
Proportional	NS Moabi	605	2 416	4 380	89
Proportional	JL Links	76	2 396	-	7 064
District	MW Matinyane	70	2 336	20	13 989

**Section 57 Personnel:**

Executive Director Engineering Services	OG Moremedi	821	5 259	-	6 722
Executive Director Community Development	BMB Mosepele	2 495	7 212	540	1 038
Acting Executive Director Corporate & Human Resources	M Human	2 803	4 294	-	248
Acting Executive Director: Strategic Planning & LED	W Marx	1 712	18 494	-	-1 044

	<b>11 451</b>	<b>60 662</b>	<b>25 595</b>	<b>52 510</b>
--	---------------	---------------	---------------	---------------

**For the Year ended 30 June 2015**

Councillors	1 912	19 319	20 330	46 271
Municipal Manager and Section 57 Personnel	2 335	3 708	-	(405)

<b>Total Services</b>	<b>4 247</b>	<b>23 028</b>	<b>20 330</b>	<b>45 866</b>
-----------------------	--------------	---------------	---------------	---------------

**Councillors:**

Councillor: Ward 1	JM Matome	239	2 185	7 280	868
Councillor: Ward 2	MT Motshabi	761	4 967	12 850	1 742
Councillor: Ward 4	M Matinyane	87	2 308	-	12 200
Councillor: Ward 6	VW Qankase	163	2 253	-	207

Executive Mayor	CN Phoyane	-	861	-	556
Proportional	NS Moabi	527	2 302	200	248
Proportional	JL Links	69	2 253	-	18 867
District	MW Matinyane	66	2 190	-	11 582

**Section 57 Personnel:**

Executive Director Community Development	BMB Mosepele	2 335	3 708	-	(405)
--	--------------	-------	-------	---	-------

	<b>4 247</b>	<b>23 028</b>	<b>20 330</b>	<b>45 866</b>
--	--------------	---------------	---------------	---------------

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**53.3 Loans granted to Related Parties**

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

**53.4 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 31, 32 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

**54 CONTINGENT LIABILITIES**

**54.1 Court Proceedings:**

**44 885 340**      **40 579 450**

(i) Breach of Contract:

6 000 000      5 000 000

The municipality is involved in litigation with Tshwaragano Intelligent Metering Services (Pty) Ltd/Nungu Zungu (The Consortium) is claiming that the municipality has breached the contract agreed upon.

(ii) Claim for Losses Sustained:

27 000      527 034

The municipality is involved in litigation with Janandri Boerdery CC which has a court order against the Municipality for loss of income due to failure of installing a transformer and fruitless payment of water taxes.

(iii) Claim for Losses Sustained:

350 000      -

The municipality is involved in litigation with Gabriel Ernst Yssel, emanating from damages to the plaintiff's property, after the Municipality established a borrowing pit on the plaintiff's property.

(iv) Unlawful enrichment:

32 508 340      30 953 424

The municipality is involved in litigation with INCA, emanating from two long term loan agreements in terms of which INCA loaned approximately R20 million to the municipality. The municipality repaid approximately R4 million to INCA and then stopped further payments. INCA launched an application based on contractual claims against the municipality for repayment of the loan amounts. INCA instituted an alternative claim based on unlawful enrichment on 27 January 2016 for the repayment of the loan amount.

(v) Breach of Contract:

6 000 000      4 081 777

The municipality is involved in litigation with Wesbank, emanating from rental agreements for office equipment which the municipality did not pay in full in terms of the agreement. The municipality is defending these matters based on the invalidity of the rental agreements.

(vi) Claims for damages suffered

-      17 216

The municipality is involved in litigation with S.D.J. van der Merwe, emanating from damages suffered as a result of a collision.

**55 CONTINGENT ASSETS**

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

**55.1 Court Proceedings:**

**24 500 000**      **-**

(i) Illegal Agreement:

4 500 000      -

The municipality is involved in litigation with INCA. This matter relates to the rental agreements in terms of which an amount of R 4,5 million was paid to INCA. The agreements were concluded contrary to the legal requirements and therefore invalid.

(ii) Non compliance with legislation

20 000 000      -

This matter relates to the appointment of the service provider, SO Matshidiso Construction, to supply paraffin lamps, stoves and oil. The appointment of the service provider did not comply with the applicable legislation and is therefore void. The amounts paid to the service provider must also be refunded to the municipality, less the reasonable costs incurred by the service provider.

**VENTERSDORP LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**2016**  
**R**

**2015**  
**R**

**56 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any In-kind Donations and Assistance during the year under review.

**57 PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year under review.

**58 EVENTS AFTER THE REPORTING DATE**

Ventersdorp municipality and Tlokwe municipality is in the process of being merged into a combined new municipality. The merger is due to occur on 3 August 2016. All assets and liabilities of the municipality will be transferred to the new combined municipality as a result of the merger. Refer to note 42.

**59 COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 43).

**60 GOING CONCERN ASSESSMENT**

Management considered the following matters relating to the Going Concern:

(i) On 31 May 2014 the Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

**APPENDIX A**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2015	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2016
<b>ANNUITY LOANS</b>	R				R	R	R	R
DBSA	1 392 000	12.00%	10559/102	30/09/2017	412 065	-	150 352	261 714
<b>Total Annuity Loans</b>	<b>1 392 000</b>				<b>412 065</b>	<b>-</b>	<b>150 352</b>	<b>261 714</b>
<b>CAPITAL LEASE LIABILITIES</b>								
Northwest Telecoms	300 000	42.00%		Dec-15	57 536	-	57 536	-
<b>Total Capital Lease Liabilities</b>	<b>300 000</b>				<b>57 536</b>	<b>-</b>	<b>57 536</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>1 692 000</b>				<b>469 601</b>	<b>-</b>	<b>207 888</b>	<b>261 714</b>

**APPENDIX B**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>												
Land	8 547 228					8 547 228	-				-	8 547 228
Buildings	63 000 857	78 263				63 079 120	(33 128 994)	(1 372 304)			(34 501 298)	28 577 821
	<b>71 548 085</b>	<b>78 263</b>	-	-	-	<b>71 626 348</b>	<b>(33 128 994)</b>	<b>(1 372 304)</b>	-	-	<b>(34 501 298)</b>	<b>37 125 050</b>
<b>Infrastructure</b>												
Electricity	172 883 877	3 660 052	2 966 566			179 510 495	(92 391 195)	(4 007 821)			(96 399 016)	83 111 479
Roads, Pavements, Bridges, Street lights and Storm Water	503 164 402	769 414	14 914 667			518 848 483	(224 848 008)	(25 688 261)			(250 536 270)	268 312 214
Sewer/Sanitation	188 856 503	-	1 612 192			190 468 695	(94 613 411)	(3 949 654)			(98 563 065)	91 905 629
Solid Waste	5 916 209	10 912 236				16 828 445	(2 220 094)	(1 142 639)			(3 362 733)	13 465 712
Water	163 214 202	304 739	11 563 030			175 081 971	(56 889 474)	(3 792 782)			(60 682 256)	114 399 715
	<b>1 034 035 193</b>	<b>15 646 442</b>	<b>31 056 455</b>	-	-	<b>1 080 738 089</b>	<b>(470 962 182)</b>	<b>(38 581 157)</b>	-	-	<b>(509 543 339)</b>	<b>571 194 750</b>
<b>Community Assets</b>												
Cemeteries	923 475	-				923 475	(655 668)	(36 939)			(692 607)	230 869
Community Halls	11 991 379	-	1 823 312			13 814 692	(3 074 781)	(253 451)			(3 328 232)	10 486 460
Housing	2 250 525	-				2 250 525	(1 421 537)	(48 415)			(1 469 953)	780 573
Libraries	4 246 297	65 848				4 312 145	(975 320)	(87 964)			(1 063 285)	3 248 861
Parks	30 068	-				30 068	(21 737)	(1 503)			(23 240)	6 828
Sport and Recreational Facilities	20 678 724	487 911				21 166 635	(2 951 613)	(571 301)			(3 522 913)	17 643 722
	<b>40 120 469</b>	<b>553 760</b>	<b>1 823 312</b>	-	-	<b>42 497 541</b>	<b>(9 100 656)</b>	<b>(999 573)</b>	-	-	<b>(10 100 229)</b>	<b>32 397 312</b>
<b>Other Assets</b>												
Emergency Equipment	975 764	-				975 764	(483 157)	(80 526)			(563 683)	412 081
Furniture and Fittings	2 264 421	260 456				2 524 878	(1 034 052)	(202 109)			(1 236 161)	1 288 716
Motor Vehicles	6 127 521	2 908 132				9 035 653	(1 269 655)	(455 695)			(1 725 350)	7 310 303
Office Equipment	5 532 768	732 108			(300 000)	5 964 876	(2 616 885)	(506 081)		300 000	(2 822 966)	3 141 909
Plant and Equipment	1 052 930	885 621				1 938 551	(552 201)	(149 271)			(701 472)	1 237 079
Library Books	99 955	-				99 955	(43 902)	(8 329)			(52 230)	47 725
	<b>16 053 359</b>	<b>4 786 318</b>	-	-	<b>(300 000)</b>	<b>20 539 677</b>	<b>(5 999 853)</b>	<b>(1 402 011)</b>	-	<b>300 000</b>	<b>(7 101 863)</b>	<b>13 437 814</b>
<b>Total</b>	<b>1 161 757 107</b>	<b>21 064 782</b>	<b>32 879 767</b>	-	<b>(300 000)</b>	<b>1 215 401 656</b>	<b>(519 191 685)</b>	<b>(42 355 045)</b>	-	<b>300 000</b>	<b>(561 246 730)</b>	<b>654 154 925</b>



**VENTERSDORP LOCAL MUNICIPALITY**  
**ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Investment Properties Land	R	R	R	R	R	R	R	R	R	R	R	R
	31 552 603	-	-	-	-	31 552 603	-	-	-	-	-	31 552 603
	31 552 603	-	-	-	-	31 552 603	-	-	-	-	-	31 552 603

**VENTERSDORP LOCAL MUNICIPALITY**  
**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Intangible Assets Computer Software	R	R	R	R	R	R	R	R	R	R	R	R
	66 907	-	-	-	-	66 907	-	-	-	-	-	66 907
	66 907	-	-	-	-	66 907	-	-	-	-	-	66 907

**VENTERSDORP LOCAL MUNICIPALITY**  
**ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2016**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Heritage Assets Culturally Significant Buildings & Historical sites	R	R	R	R	R	R	R	R	R	R	R	R
	8 428 759	-	-	-	-	8 428 759	-	-	-	-	-	8 428 759
	8 428 759	-	-	-	-	8 428 759	-	-	-	-	-	8 428 759
Total Asset Register	1 201 805 377	21 064 782	32 879 767	-	(300 000)	1 255 449 926	(519 191 685)	(42 355 045)	-	300 000	(561 246 730)	694 203 195

**APPENDIX D**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

2015 Actual Income	2015 Budgeted Income	2015 Actual Expenditure	2015 Budgeted Expenditure	2015 Surplus/ (Deficit)	Description	2016 Actual Income	2016 Budgeted Income	2016 Actual Expenditure	2016 Budgeted Expenditure	2016 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					<b>Municipal Governance and Administration</b>					
12 691 373	9 538 722	12 977 179	10 484 550	(285 806)	Executive and Council	26 617 538	15 050 020	17 340 373	10 664 616	9 277 165
51 935 323	53 926 750	97 636 442	23 642 790	(45 701 120)	Budget and Treasury Office	65 622 330	66 900 480	83 169 767	63 063 040	(17 547 436)
(781 592)	154 650	12 004 402	12 233 330	(12 785 994)	Corporate Services	(2 163 811)	566 430	14 200 108	14 827 310	(16 363 919)
					<b>Community and Public Safety</b>					
286 485	14 063 520	3 841 187	21 979 420	(3 554 703)	Community and Social Services	978 408	1 129 420	4 458 005	5 588 450	(3 479 597)
34 072 511	6 795 000	32 771 856	8 945 370	1 300 655	Public Safety	44 212 003	4 858 440	44 805 404	10 273 690	(593 401)
6 318	8 200	195 489	259 600	(189 171)	Sport and Recreation	515	8 600	277 852	560 860	(277 337)
					<b>Economic and Environmental Services</b>					
-	-	-	-	-	Environmental Protection	-	-	-	-	-
-	-	3 244 684	3 417 830	(3 244 684)	Planning and Development	-	-	4 196 343	3 488 080	(4 196 343)
21 907 096	9 674 230	4 890 086	17 776 130	17 017 010	Roads and Transport	15 310 430	2 915 560	5 844 492	7 648 910	9 465 938
					<b>Trading Services</b>					
40 143 375	52 942 489	50 742 150	58 630 920	(10 598 775)	Electricity	51 354 991	42 025 866	57 491 001	57 464 630	(6 136 011)
3 841 120	3 816 140	1 261 293	879 030	2 579 827	Waste Management	4 106 083	3 949 320	1 453 685	1 080 950	2 652 397
5 847 878	5 811 772	2 426 171	3 304 650	3 421 706	Waste Water Management	6 286 335	6 138 819	3 811 335	3 421 730	2 475 000
6 125 621	3 203 520	5 055 610	5 716 050	1 070 011	Water	14 543 801	3 157 310	5 316 038	6 082 970	9 227 763
-	-	-	-	-	<b>Other</b>	-	-	-	-	-
<b>176 075 506</b>	<b>159 934 993</b>	<b>227 046 550</b>	<b>167 269 670</b>	<b>(50 971 043)</b>	Sub-Total	<b>226 868 623</b>	<b>146 700 265</b>	<b>242 364 404</b>	<b>184 165 236</b>	<b>(15 495 781)</b>
					Revenue Foregone					
<b>176 075 506</b>	<b>159 934 993</b>	<b>227 046 550</b>	<b>167 269 670</b>	<b>(50 971 043)</b>	<b>Total</b>	<b>226 868 623</b>	<b>146 700 265</b>	<b>242 364 404</b>	<b>184 165 236</b>	<b>(15 495 781)</b>

**APPENDIX E(1)**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16										2014/15
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE - STANDARD</b>											
<b>Governance and Administration:</b>											
Executive and Council	10 018 720	5 031 300	15 050 020	-	-	15 050 020	26 617 538	11 567 518	176.86	265.68	12 691 373
Budget and Treasury Office	66 859 080	41 400	66 900 480	-	-	66 900 480	65 622 330	(1 278 150)	98.09	98.15	51 935 323
Corporate Services	162 080	404 350	566 430	-	-	566 430	(2 163 811)	(2 730 241)	0.00	0.00	(781 592)
<b>Community and Public Safety:</b>											
Community and Social Services	449 420	680 000	1 129 420	-	-	1 129 420	978 408	(151 012)	86.63	217.70	286 485
Sport and Recreation	8 600	-	8 600	-	-	8 600	515	(8 085)	5.99	5.99	6 318
Public Safety	7 121 160	(2 262 720)	4 858 440	-	-	4 858 440	44 212 003	39 353 563	910.00	620.85	34 072 511
<b>Economic and Environmental Services:</b>											
Road Transport	2 915 560	-	2 915 560	-	-	2 915 560	15 310 430	12 394 870	525.13	525.13	21 907 096
<b>Trading Services:</b>											
Electricity	50 425 510	(8 399 644)	42 025 866	-	-	42 025 866	51 354 991	9 329 125	122.20	101.84	40 143 375
Water	3 357 310	(200 000)	3 157 310	-	-	3 157 310	14 543 801	11 386 491	460.64	433.20	6 125 621
Waste Water Management	6 090 750	48 069	6 138 819	-	-	6 138 819	6 286 335	147 516	102.40	103.21	5 847 878
Waste Management	3 999 320	(50 000)	3 949 320	-	-	3 949 320	4 106 083	156 763	103.97	102.67	3 841 120
<b>Total Revenue - Standard</b>	<b>151 407 510</b>	<b>(4 707 245)</b>	<b>146 700 265</b>	<b>-</b>	<b>-</b>	<b>146 700 265</b>	<b>226 868 623</b>	<b>80 168 358</b>	<b>154.65</b>	<b>149.84</b>	<b>176 075 506</b>
<b>EXPENDITURE - STANDARD</b>											
<b>Governance and Administration:</b>											
Executive and Council	11 043 856	(379 240)	10 664 616	-	-	10 664 616	17 340 373	6 675 757	162.60	157.01	12 977 179
Budget and Treasury Office	28 177 970	34 885 070	63 063 040	-	-	63 063 040	83 169 767	20 106 727	131.88	295.16	97 636 442
Corporate Services	13 614 620	1 212 690	14 827 310	-	-	14 827 310	14 200 108	(627 202)	95.77	104.30	12 004 402
<b>Community and Public Safety:</b>											
Community and Social Services	4 475 660	1 112 790	5 588 450	-	-	5 588 450	4 458 005	(1 130 445)	79.77	99.61	3 841 187
Sport and Recreation	334 730	226 130	560 860	-	-	560 860	277 852	(283 008)	49.54	83.01	195 489
Public Safety	9 445 350	828 340	10 273 690	-	-	10 273 690	44 805 404	34 531 714	436.12	474.36	32 771 856
<b>Economic and Environmental Services:</b>											
Planning and Development	3 767 680	(279 600)	3 488 080	-	-	3 488 080	4 196 343	708 263	120.31	111.38	3 244 684
Road Transport	8 616 260	(967 350)	7 648 910	-	-	7 648 910	5 844 492	(1 804 418)	76.41	67.83	4 890 086
<b>Trading Services:</b>											
Electricity	55 947 460	1 517 170	57 464 630	-	-	57 464 630	57 491 001	26 371	100.05	102.76	50 742 150
Water	6 078 090	4 880	6 082 970	-	-	6 082 970	5 316 038	(766 932)	87.39	87.46	5 055 610
Waste Water Management	3 631 910	(210 180)	3 421 730	-	-	3 421 730	3 811 335	389 605	111.39	104.94	2 426 171
Waste Management	936 710	144 240	1 080 950	-	-	1 080 950	1 453 685	372 735	134.48	155.19	1 261 293
<b>Total Expenditure - Standard</b>	<b>146 070 296</b>	<b>38 094 940</b>	<b>184 165 236</b>	<b>-</b>	<b>-</b>	<b>184 165 236</b>	<b>242 364 404</b>	<b>58 199 168</b>	<b>131.60</b>	<b>165.92</b>	<b>227 046 550</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 337 214</b>	<b>(42 802 185)</b>	<b>(37 464 971)</b>	<b>-</b>	<b>-</b>	<b>(37 464 971)</b>	<b>(15 495 781)</b>	<b>21 969 190</b>	<b>0.00</b>	<b>0.00</b>	<b>(50 971 043)</b>

**APPENDIX E (2)**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16										2014/15
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE BY VOTE</b>											
Vote 1 - COUNCIL GENERAL	10 018 720	5 031 300	15 050 020	-	-	15 050 020	26 617 538	11 567 518	176.86	265.68	12 691 373
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	0.00	0.00	-
Vote 3 - CORPORATE SERVICES	134 250	404 350	538 600	-	-	538 600	533 350	(5 250)	99.03	397.28	125 237
Vote 4 - DIRECTOR FINANCE	66 859 080	41 400	66 900 480	-	-	66 900 480	65 622 330	(1 278 150)	98.09	98.15	51 935 323
Vote 5 - ENGINEERING SERVICES	66 816 280	(8 601 575)	58 214 705	-	-	58 214 705	88 904 478	30 689 773	152.72	133.06	76 958 260
Vote 6 - PROTECTION SERVICES & TRANSPORT PLANNING	7 121 160	(2 262 720)	4 858 440	-	-	4 858 440	44 212 003	39 353 563	910.00	620.85	34 072 511
Vote 7 - COMMUNITY SERVICES	458 020	680 000	1 138 020	-	-	1 138 020	978 923	(159 097)	86.02	213.73	292 802
Vote 8 - DEVELOPMENT & PLANNING	-	-	-	-	-	-	-	-	0.00	0.00	-
<b>Total Revenue by Vote</b>	<b>151 407 510</b>	<b>(4 707 245)</b>	<b>146 700 265</b>	<b>-</b>	<b>-</b>	<b>146 700 265</b>	<b>226 868 623</b>	<b>80 168 358</b>	<b>154.65</b>	<b>149.84</b>	<b>176 075 506</b>
<b>EXPENDITURE BY VOTE</b>											
Vote 1 - COUNCIL GENERAL	9 277 566	(217 980)	9 059 586	-	-	9 059 586	15 998 641	6 939 055	176.59	172.44	11 440 975
Vote 2 - MUNICIPAL MANAGER	1 766 290	(161 260)	1 605 030	-	-	1 605 030	1 341 732	(263 298)	83.60	75.96	1 536 204
Vote 3 - CORPORATE SERVICES	10 577 120	950 190	11 527 310	-	-	11 527 310	11 211 343	(315 967)	97.26	106.00	10 109 424
Vote 4 - DIRECTOR FINANCE	28 177 970	34 885 070	63 063 040	-	-	63 063 040	83 169 767	20 106 727	131.88	295.16	97 636 442
Vote 5 - ENGINEERING SERVICES	78 247 930	751 260	78 999 190	-	-	78 999 190	76 905 317	(2 093 873)	97.35	98.28	66 270 288
Vote 6 - PROTECTION SERVICES & TRANSPORT PLANNING	9 445 350	828 340	10 273 690	-	-	10 273 690	44 805 404	34 531 714	436.12	474.36	32 771 856
Vote 7 - COMMUNITY SERVICES	4 810 390	1 338 920	6 149 310	-	-	6 149 310	4 735 857	(1 413 453)	77.01	98.45	4 036 676
Vote 8 - DEVELOPMENT & PLANNING	3 767 680	(279 600)	3 488 080	-	-	3 488 080	4 196 343	708 263	120.31	111.38	3 244 684
<b>Total Expenditure by Vote</b>	<b>146 070 296</b>	<b>38 094 940</b>	<b>184 165 236</b>	<b>-</b>	<b>-</b>	<b>184 165 236</b>	<b>242 364 404</b>	<b>58 199 168</b>	<b>131.60</b>	<b>165.92</b>	<b>227 046 550</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 337 214</b>	<b>(42 802 185)</b>	<b>(37 464 971)</b>	<b>-</b>	<b>-</b>	<b>(37 464 971)</b>	<b>(15 495 781)</b>	<b>21 969 190</b>	<b>0.00</b>	<b>0.00</b>	<b>(50 971 043)</b>

**APPENDIX E (3)**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16										2014/15
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R
<b>Revenue by Source</b>											
Property Rates	9 707 550	5 240 900	14 948 450	-	-	14 948 450	11 826 368	(3 122 082)	79.11	121.83	10 398 205
Service Charges - Electricity	50 425 510	(8 399 644)	42 025 866	-	-	42 025 866	42 274 171	248 305	100.59	83.83	31 134 504
Service Charges - Water	3 357 310	(200 000)	3 157 310	-	-	3 157 310	4 754 977	1 597 667	150.60	141.63	3 466 168
Service Charges - Sanitation	6 090 750	48 069	6 138 819	-	-	6 138 819	6 215 107	76 288	101.24	102.04	5 781 187
Service Charges - Refuse	3 999 320	(50 000)	3 949 320	-	-	3 949 320	4 090 870	141 550	103.58	102.29	3 824 659
Rental of Facilities and Equipment	115 070	-	115 070	-	-	115 070	76 056	(39 014)	66.10	66.10	79 578
Interest Earned - External Investments	628 600	41 400	670 000	-	-	670 000	709 602	39 602	105.91	112.89	642 670
Fines	5 533 560	(1 000 000)	4 533 560	-	-	4 533 560	42 577 717	38 044 157	939.17	769.45	31 375 047
Agency Services	1 587 720	(1 262 720)	325 000	-	-	325 000	1 650 858	1 325 858	507.96	103.98	2 702 496
Transfers Recognised - Operational	69 404 000	680 000	70 084 000	-	-	70 084 000	111 759 581	41 675 581	159.47	161.03	86 090 533
Other Revenue	348 520	404 350	752 870	-	-	752 870	933 315	180 445	123.97	267.79	434 809
Gains on Disposal of PPE	209 600	(209 600)	-	-	-	-	-	-	0.00	0.00	145 649
<b>Total Revenue (excluding Capital Transfers &amp; Contributions)</b>	<b>151 407 510</b>	<b>(4 707 245)</b>	<b>146 700 265</b>	<b>-</b>	<b>-</b>	<b>146 700 265</b>	<b>226 868 623</b>	<b>80 168 358</b>	<b>154.65</b>	<b>149.84</b>	<b>176 075 506</b>
<b>Expenditure</b>											
Employee Related Costs	43 859 930	3 270 970	47 130 900	-	-	47 130 900	49 411 833	2 280 933	104.84	112.66	43 988 354
Remuneration of Councillors	3 714 496	-	3 714 496	-	-	3 714 496	3 404 060	(310 436)	91.64	91.64	3 399 503
Debt Impairment	3 000 000	15 000 000	18 000 000	-	-	18 000 000	51 536 524	33 536 524	286.31	1 717.88	66 446 896
Depreciation and Asset Impairment	8 000 000	19 000 000	27 000 000	-	-	27 000 000	42 355 045	15 355 045	156.87	529.44	40 337 770
Finance Charges	1 181 930	(1 101 930)	80 000	-	-	80 000	8 210 454	8 130 454	10 263.07	694.67	6 745 537
Bulk Purchases	49 427 670	-	49 427 670	-	-	49 427 670	43 778 703	(5 648 967)	88.57	88.57	38 812 621
Other Materials	8 371 710	525 730	8 897 440	-	-	8 897 440	7 629 733	(1 267 707)	85.75	91.14	4 907 087
Contracted Services	7 810 820	491 410	8 302 230	-	-	8 302 230	13 772 879	5 470 649	165.89	176.33	6 596 613
Transfers and Grants	835 360	676 140	1 511 500	-	-	1 511 500	2 204 354	692 854	145.84	263.88	422 635
Other Expenditure	19 868 380	232 620	20 101 000	-	-	20 101 000	20 060 818	(40 182)	99.80	100.97	15 389 534
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	0.00	0.00	-
<b>Total Expenditure</b>	<b>146 070 296</b>	<b>38 094 940</b>	<b>184 165 236</b>	<b>-</b>	<b>-</b>	<b>184 165 236</b>	<b>242 364 404</b>	<b>58 199 168</b>	<b>131.60</b>	<b>165.92</b>	<b>227 046 550</b>
<b>Surplus/(Deficit) for the Year</b>	<b>5 337 214</b>	<b>(42 802 185)</b>	<b>(37 464 971)</b>	<b>-</b>	<b>-</b>	<b>(37 464 971)</b>	<b>(15 495 781)</b>	<b>21 969 190</b>	<b>-</b>	<b>-</b>	<b>(50 971 043)</b>

**APPENDIX E(4)**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16									
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE - VOTE</b>										
<b>Multi-year Expenditure</b>										
Vote 1 - COUNCIL GENERAL	-	-	-	-	-	-	-	-	0.00	0.00
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	0.00	0.00
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	0.00	0.00
Vote 4 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-	0.00	0.00
Vote 5 - ENGINEERING SERVICES	26 300 000	10 406 000	36 706 000	-	-	36 706 000	15 646 442	(21 059 559)	42.63	59.49
Vote 6 - PROTECTION SERVICES & TRANSPORT PLAN	-	-	-	-	-	-	-	-	0.00	0.00
Vote 7 - COMMUNITY SERVICES	-	7 650 000	7 650 000	-	-	7 650 000	5 418 340	(2 231 660)	70.83	0.00
Vote 8 - DEVELOPMENT & PLANNING	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Capital Expenditure - Multi-year</b>	26 300 000	18 056 000	44 356 000	-	-	44 356 000	21 064 782	(23 291 218)	47.49	80.09
<b>Single-year Expenditure</b>										
Vote 1 - COUNCIL GENERAL	-	-	-	-	-	-	-	-	0.00	0.00
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	0.00	0.00
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	0.00	0.00
Vote 4 - DIRECTOR FINANCE	-	-	-	-	-	-	-	-	0.00	0.00
Vote 5 - ENGINEERING SERVICES	(26 300 000)	-	(36 706 000)	-	-	(36 706 000)	(15 646 442)	21 059 559	0.00	0.00
Vote 6 - PROTECTION SERVICES & TRANSPORT PLAN	-	-	-	-	-	-	-	-	0.00	0.00
Vote 7 - COMMUNITY SERVICES	-	-	(7 650 000)	-	-	(7 650 000)	(5 418 340)	2 231 660	0.00	0.00
Vote 8 - DEVELOPMENT & PLANNING	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Capital Expenditure - Single-year</b>	(26 300 000)	-	(44 356 000)	-	-	(44 356 000)	(21 064 782)	23 291 218	0.00	0.00
<b>Total Capital Expenditure - Vote</b>	<b>26 300 000</b>	<b>18 056 000</b>	<b>44 356 000</b>	<b>-</b>	<b>-</b>	<b>44 356 000</b>	<b>21 064 782</b>	<b>(23 291 218)</b>	<b>47.49</b>	<b>80.09</b>

**APPENDIX E(5)**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/16								2014/15
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and Other	50 158 000	6 860 000	57 018 000	57 018 000	100 471 746	43 453 746	176.21	200.31	21 912 085
Government - Operating	95 383 000	1 001 000	96 384 000	96 384 000	96 941 462				89 430 852
Government - Capital	-	-	-	-	-	-	0.00	0.00	-
Interest	628 600	40 000	668 600	668 600	709 602	41 002	106.13	112.89	642 670
<b>Payments</b>									
Suppliers and Employees	(150 652 640)	676 140	(149 976 500)	(149 976 500)	(130 157 365)	19 819 135	0.00	0.00	(87 832 556)
Finance Charges	(1 181 930)	1 102 000	(79 930)	(79 930)	(7 758 217)	(7 678 287)	0.00	0.00	(6 332 081)
Transfers and Grants	(835 360)	(676 140)	(1 511 500)	(1 511 500)	(2 204 354)	(692 854)	0.00	0.00	(422 635)
<b>NET CASH FROM / (USED) OPERATING ACTIVITIES</b>	(6 500 330)	9 003 000	2 502 670	2 502 670	58 002 874	54 942 742	2 317.64	0.00	17 398 335
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on Disposal of PPE	-	-	-	-	-	-	0.00	0.00	152 000
Decrease / (Increase) in Non-current Debtors	32 370 000	-	32 370 000	32 370 000	-	(32 370 000)	0.00	0.00	-
Decrease / (Increase) Other Non-current Receivables	-	-	-	-	-	-			-
Decrease / (Increase) in Non-current Investments	-	-	-	-	(3 610)	(3 610)	0.00	0.00	(6 882)
<b>Payments</b>									
Capital Assets	(27 420 000)	-	(27 420 000)	(27 420 000)	(53 944 549)	(26 524 549)	0.00	0.00	(26 557 059)
<b>NET CASH FROM / (USED) INVESTING ACTIVITIES</b>	4 950 000	-	4 950 000	4 950 000	(53 948 159)	(58 898 159)	0.00	0.00	(26 411 941)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Increase / (Decrease) in Short-term Loans	-	-	-	-	-	-	0.00	0.00	-
New Loans raised	-	-	-	-	-	-	0.00	0.00	-
<b>Payments</b>									
Loans repaid	-	-	-	-	(207 888)	(207 888)	0.00	0.00	(229 403)
<b>NET CASH FROM / (USED) FINANCING ACTIVITIES</b>	-	-	-	-	(207 888)	(207 888)	0.00	0.00	(229 403)
					207 888				229 403
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	1 550 330	(9 003 000)	(7 452 670)	(7 452 670)	(3 846 828)	3 605 842	0.00	0.00	9 243 009
Cash / Cash Equivalents at the Year begin:	1 000 000	7 000 000	8 000 000	8 000 000	42 759	(7 957 241)	0.53	4.28	9 285 768
Cash / Cash Equivalents at the Year end:	(550 330)	16 003 000	15 452 670	15 452 670	3 889 586	(11 563 084)	25.17	0.00	42 759

**APPENDIX F**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies Received**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
Equitable Share	Nat Treasury	26 402 000	7 922 000	-	15 842 000	-	-	-	-	13 200 000	-	-	-	Underspending of conditional grants	Yes	N/A
Finance Management Grant (FMG)	Nat Treasury	1 875 000	-	-	-	343 600	914 436	382 693	668 882	-	-	-	-	N/A	Yes	N/A
MIG Projects	MIG	7 099 350	-	6 124 650	-	832 112	1 664 305	8 167 662	5 668 112	-	-	-	-	N/A	Yes	N/A
MIG Projects_PMU	MIG	373 650	-	322 350	-	211 103	121 089	208 144	144 676	-	-	-	-	N/A	Yes	N/A
Integrated National Electrification Program (INEP)	National	-	3 400 000	1 600 000	-	-	1 724 146	3 424 097	1 012 168	-	-	-	-	N/A	Yes	N/A
Provincial Infrastructure Grant (PIG)	Province	-	-	1 834 123	5 732 471	-	1 588 725	1 834 123	11 743 861	-	-	-	-	N/A	Yes	N/A
Municipal Systems Improvement Grant (MSIG)	DPLG	930 000	-	-	-	81 529	24 008	96 577	751 767	-	-	-	-	N/A	Yes	N/A
Extended Public Works Program (EPWP)	Province	717 000	538 000	537 000	-	279 901	434 620	503 049	603 614	-	-	-	-	N/A	Yes	N/A
Library Grant	Province	-	-	1 000 000	-	45 145	143 143	58 307	625 086	-	-	-	-	N/A	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>37 397 000</b>	<b>11 860 000</b>	<b>11 418 123</b>	<b>21 574 471</b>	<b>1 793 388</b>	<b>6 614 472</b>	<b>14 674 652</b>	<b>21 218 166</b>	<b>13 200 000</b>	<b>-</b>	<b>-</b>	<b>-</b>			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																



**APPENDIX G**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2016

Incumbent	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Mayor</b>											
C N Phoyane	571 053		225 620	-	-	-	-	-	-	-	796 674
<b>Other Councillors</b>											
Mogwata C.	172 121		81 845	-	-	-	-	-	-	-	253 966
Moabi N.S.	172 121		82 970	-	-	-	-	-	-	-	255 091
Matinyane M.W.	172 121		81 845	-	-	-	-	-	-	-	253 966
Qankase V.W.	172 121		90 879	-	-	-	-	-	-	-	263 000
Matinyane M.	172 121		86 442	-	-	-	-	-	-	-	258 563
Motshabi M.T.	172 121		93 873	-	-	-	-	-	-	-	265 994
Matome J.M.	172 121		101 357	-	-	-	-	-	-	-	273 478
Motladiile M.J.	172 121		99 424	-	-	-	-	-	-	-	271 545
Mjulenji M.J.	172 121		83 726	-	-	-	-	-	-	-	255 847
Links J.L.	172 121		83 816	-	-	-	-	-	-	-	255 937
<b>Total for Councillors</b>	2 292 261	-	1 111 798	-	-	-	-	-	-	-	3 404 060
<b>Municipal Manager</b>											
Makade B.J.	587 143		50 924	80 996	-	-	296 539	-	-	-	1 015 603
Mashigo J.K. (Acting)	135 084	-	-	644	-	-	-	-	-	-	135 728
Moruti M.I. (Acting)	476 904		150 021	70 015	-	-	-	-	-	-	696 939
<b>Chief Financial Officer</b>											
Moruti M.I.	237 098		72 052	46 356	-	-	-	-	-	-	355 506
Kgosiemang C.W.K. (Acting)	315 933		110 986	55 788	-	-	-	-	-	-	482 707
<b>Executive Director: Corporate and Human Resources</b>											
Mcameni L.D.	91 744	-	62 541	19 839	-	-	227 255	-	-	-	401 379
Human M. (Acting)	135 400		19 537	31 223	-	-	-	-	-	-	186 160
Nzimankulu M.W. (Acting)	225 666		39 871	30 797	-	-	-	-	-	-	296 335
<b>Executive Director: Community Development</b>											
Mosepele B.M.B.	523 572		370 666	88 778	-	-	-	-	-	-	983 017
<b>Executive Director: Strategic Planning &amp; LED</b>											
Sidu S.A.	441 624		343 977	113 666	-	-	-	-	-	-	899 267
Marx W. (Acting)	315 933		65 631	56 361	-	-	-	-	-	-	437 925
<b>Executive Director: Engineering Services</b>											
Moremedi O.G.	515 417	-	281 302	87 913	-	-	-	-	-	-	884 633
<b>Total for Management</b>	6 293 780	-	2 679 308	682 376	-	-	523 794	-	-	-	10 179 257
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**APPENDIX G**  
**VENTERSDORP LOCAL MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF MANAGEMENT**

30 June 2015

Incumbent	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	UIF & SDL levies	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Mayor</b>											
C N Phoyane	536 331	-	238 242	-	-	-	-	-	-	-	774 573
<b>Other Councillors</b>											
Jones A.L.	121 246	-	56 067	-	-	-	-	-	-	-	177 313
Mogwata C.	160 899	-	74 501	-	-	-	-	-	-	-	235 400
Moabi N.S.	160 899	-	80 412	-	-	-	-	-	-	-	241 311
Matinyane M.W.	160 899	-	74 501	-	-	-	-	-	-	-	235 400
Qankase V.W.	160 899	-	91 798	-	-	-	-	-	-	-	252 697
Matinyane M.	160 899	-	79 458	-	-	-	-	-	-	-	240 357
Motshabi M.T.	160 899	-	89 894	-	-	-	-	-	-	-	250 793
Matome J.M.	160 899	-	86 528	-	-	-	-	-	-	-	247 427
Motladiile M.J.	160 899	-	97 062	-	-	-	-	-	-	-	257 961
Mjuleni M.J.	160 899	-	82 823	-	-	-	-	-	-	-	243 722
Links J.L.	160 899	-	81 651	-	-	-	-	-	-	-	242 550
<b>Total for Councillors</b>	2 266 567	-	1 132 937	-	-	-	-	-	-	-	3 399 503
<b>Municipal Manager</b>											
Makade B.J.	709 232	-	144 428	235 425	-	-	-	-	-	-	1 089 085
<b>Chief Financial Officer</b>											
Moruti Ml	530 109	39 296	201 299	142 337	-	-	-	-	-	-	913 041
<b>Executive Director: Corporate and human Resources</b>											
Mcameni L.D.	451 054	-	353 936	111 258	-	-	-	-	-	-	916 248
<b>Executive Director: Community Development</b>											
Mosepele B.M.B.	437 657	39 909	349 622	86 466	-	-	-	-	1 785	-	915 438
<b>Executive Director: Strategic Planning &amp; LED</b>											
Sidu S.A.	404 493	-	353 936	126 238	-	-	-	-	-	-	884 667
<b>Executive Director: Engineering Services</b>											
OG Moremedi	564 908	-	265 466	85 681	-	-	-	-	-	-	916 056
<b>Total for Management</b>	5 364 021	79 205	2 801 623	787 405	-	-	-	-	1 785	-	9 034 039
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